

Enterprise Zones

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Arthur Fish



Enterprise Zone Concept

- Take many names and forms across the country and the world
- Target public resources or inducements for private investors and commerce in particular places, typically those that exhibit economic needs or potential
- Oregon's launched in 1985 ... currently expire in 2025:
 - A function of state laws but with deep local involvement
 - Geared around tax incentive for new assets and hiring
 - Rural and urban features and distinctions
 - Quite unique among other states' programs

The Zones in Oregon

- 76 designated zones as of today—ranging from less than 1, up to 15 square miles in size—statewide cap eliminated
- Sponsored and designated by zone sponsor, encompassing...
 - 124 cities
 - 15 ports
 - 30 counties, with zones located in 35 of the 36 counties, and
 - 2 Tribes (not subject to program sunset)
- 29 other jurisdictions consent to zones

Oregon's Zones & Property Taxes

- Oregon has a few other business incentives but no tax credit—these programs are often considered our only tool to spur businesses
- Inducement relates to physical capital, with **new** plant & equipment 100% tax-exempt, though only for a limited number of years
- Largely decentralized system with local and state roles:
 - Local – diverse administration and assistance with companies by government sponsors, partner organizations and county assessor's offices
 - State – zone creation criteria, program development, forms by DOR, and technical support, communication & data efforts for tax abatements

Standard Exemptions

- Many eligible types of businesses but retail, etc., are excluded
- 10% growth in firm employees in zone (or local waiver) for “as-of-right” 3-year period, with sponsor agreement for extra 2 years; compensation or local additional requirements apply in many cases
- Active statewide—2022 claim filings and assessor reporting:
 - 352 projects (316 companies)—nearly 39,600 direct F-T employees, 18,500 new
 - Great majority, small or medium-sized firms; most were already inside zone
 - Billions of investment, reflecting local & state efforts going back several years
 - In 2021–22, \$4B of exempt value relating to \$64M in taxes (gross)

Long-term Rural Facilities

- Separate program, 7 to 15 years with special local approval; currently allowed in 39 of 58 rural zones where county meets statutory criteria
- Under state law (depending on location) facility needs:
 - At least 10, 35, 50 or 75 full-time hires
 - Average compensation of 130% or 150% of county wage (100% wage to wage)
 - Minimum investment, normally \$12.5 million at most
- 16 current facilities by 9 firms in 7 counties
 - \$10B of exempt value in relation to \$152.5M of property taxes (gross)
 - More than 1,000 direct new jobs (excl. onsite, ongoing contractor employees)

2022 Impact Study

- Commissioned modeling of in-state economic and fiscal effects by recent users of above incentives and SIP; unprecedented in Oregon
- Rigorously quantified current return-on-investment to measure programs' efficiency, while also addressing host of other issues
- Presented to interim revenue committees on September 22, 2022
- For more information
 - [Business Oregon : Programs : Enterprise Zones : State of Oregon](https://www.oregon.gov/biz/programs/enterprisezones/Pages/default.aspx)
<https://www.oregon.gov/biz/programs/enterprisezones/Pages/default.aspx>
 - [Business Oregon : Incentives Reports : Reports, Publications, and Plans : State of Oregon](https://www.oregon.gov/biz/reports/Pages/incentives-reports.aspx)
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