

DESCHUTES COUNTY RURAL ENTERPRISE ZONE

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OVERVIEW

Approved in April 2008, the Deschutes County Rural Enterprise Zone (E-zone) encompasses the Bend Airport and the City of La Pine. The Rural E-zone offers traded-sector employers (companies that sell goods or services outside the local area and expand its economic base) and other eligible companies three (3) to five (5) year property tax exemptions on certain new capital investments that create jobs in the designated areas. The zone is sponsored by Deschutes County and the City of La Pine and is managed by Economic Development for Central Oregon (EDCO). Only new facilities or improvements not yet on the tax roll are eligible for this tax incentive.



City of La Pine from the south



Bend Airport

ELIGIBILITY

Eligible employers include headquarter operations, manufacturing, warehouse & distribution, fabrication, R & D, manufacturing suppliers and other employers engaging in business-to-business commerce. New companies to the Central Oregon area that are eligible for the program must create at least one new job, while existing companies must expand employment by at least 10% in the first year to be eligible. Non qualifying employers include retail, commercial, most services, and other non-business-to-business operations. The total minimum investment required is \$50,000.

Eligible investments are new real property improvements (including buildings), major site improvements, large or immobile equipment

and tools. Non qualifying investments include land, existing buildings, existing equipment, most rolling stock (forklifts, delivery trucks, etc), and most personal property. There are no limits to the number of times a company may use the zone.

Extended five year exemptions, an extension of the standard three-year exemption, must be approved by the zone sponsors, Deschutes County and the City of La Pine. To qualify, companies must pay an average of 150% of the average wage (covered employment payroll for all employers) in total compensation, which can include non-mandatory benefits such as vacation pay, medical insurance, bonuses, overtime, profit sharing, and retirement contributions.

Qualifying Criteria	3 years	5 years
Minimum investment	\$50,000	\$50,000
Minimum new employment for existing company	10% increase 1st year	10% increase 1st year
Minimum average compensation per employee	None	\$51,479
* 150% of 2007 Deschutes County average annual wage		

E-ZONE INCENTIVE SAVINGS

Property tax savings resulting from both a \$100,000 or a \$1 million investment are shown below; savings are based on the Bend Airport's property tax millage rate of \$13.2826 per \$1,000 of assessed valuation. Based on the property millage rate in La Pine, an investment in this part of the zone would yield a slightly greater savings.

Original Investment	E-zone Savings Over	
	3 years	5 years
\$100,000	\$1,940	\$3,300
\$1 million	\$19,000	\$33,000

APPLICATION PROCESS

To receive investment incentives, eligible businesses must file an Enterprise Zone Pre-certification Form with the local zone manager prior to any eligible investments. For more information, contact EDCO at 541-388-3236.

FREQUENTLY ASKED QUESTIONS

Must my facility be located at the Bend Airport or within the City of La Pine?

Yes. Operations not located on the premises of the Bend Airport or within the city limits of La Pine do not qualify.

How difficult is the approval process?

Most companies find the process quick, non-bureaucratic and easy to administer. The process normally consists of a short consultation meeting with the Zone Manager, completion by the company of a two-page application and attachments, and approval by the Zone Manager and County Assessor. Complete applications are usually processed within one to two days. Following approval, an investment can commence immediately. Annual reports are required for employment and property exemption claims, which are one or two page forms submitted directly to the Oregon Department of Revenue.

My company is eligible for the E-zone, but I've already started construction. Can my facilities be exempted?

Typically not. Companies wishing to access the program need to complete the two page pre-certification application prior to breaking ground on new or expanded facilities. It is strongly recommended that pre-certification occur prior to obtaining building permits.

Does the E-zone take away from the existing tax base?

No, the Legislature, in coordination with cities and counties across Oregon, has structured the Enterprise Zone to ensure that no property (land, buildings, equipment) previously on the tax rolls can be removed through an exemption process. Only new investment qualified by an application process with the local Enterprise Zone manager, and coordinated with local tax assessor, can be exempted. Some exceptions do exist, however, so check with EDCO.

Are commercial developments eligible for Enterprise Zone exemptions?

No, only primary employers are eligible. The test for commercial versus primary / industrial is that 75% of a company's products or services must be sold or delivered outside the region. However, zone benefits may apply to business-to-business operations.

When the exemption period expires, does my property come back on the tax roll?

Yes. Property (buildings and equipment) are assessed throughout the exemption period, but come back on the tax rolls at a depreciated or appreciated value. During the period that a company participates in the Enterprise Zone, property taxes on real and some personal property are exempted, not deferred.

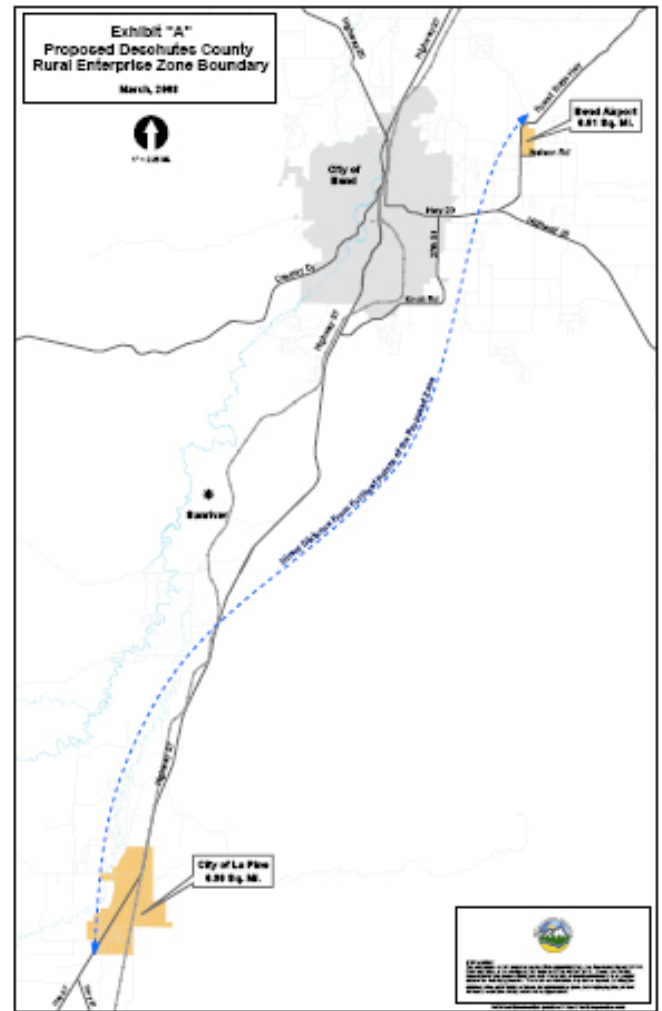
May my company use the Enterprise Zone multiple times for future expansions?

Yes. Expansion projects for qualifying employers are eligible as long as the employer adds at least 10% to their existing workforce each time the program is used.

Can eligible employers who rent their facilities qualify?

Yes. If a facility has not been previously occupied or is a build-to-suit for an eligible company, landlords are required to pass on savings resulting from property tax exemptions to their tenants.

RURAL DESCHUTES E-ZONE MAP



Economic Development for Central Oregon (EDCO) is a private, non-profit organization, dedicated to the region's economic diversity by focusing on traded sector companies. EDCO attracts family wage jobs by recruiting new companies and helping existing companies expand.



**ECONOMIC DEVELOPMENT
FOR CENTRAL OREGON**

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