

## OVERVIEW

The Bend Enterprise Zone (E-Zone) incentive program encourages economic development by waiving property taxes on declared investments for eligible businesses for three years. The property tax waiver may be extended to five years if the qualifying company creates jobs compensated at 150% of Deschutes County's annual wage as published by the Oregon Employment Department. The Bend Enterprise Zone was established in 2010, and significantly expanded in May of 2012. The zone encompasses land zoned for industrial, commercial or mixed use and allows traded sector employers (those whose companies sell goods or services outside the region) property tax exemptions on certain new capital investments.



- **Only new facilities, equipment or improvements not yet on the tax roll are eligible for this tax incentive.**

## TAX INCENTIVES

### **Standard Abatement**

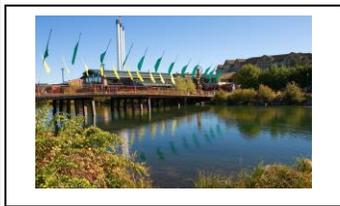
This economic development incentive offers 100% property tax relief on normally assessed significant new facility and/or equipment. Abatement lasts for three years after the property has been placed in service and returns to the tax roll at the depreciated value.

### **Extended Abatement**

The Program Sponsor (City of Bend) may extend the standard exemption to four or five consecutive years if the qualifying company creates jobs compensated at 150% of Deschutes County's annual wage.

## ELIGIBILITY

Eligible employers include headquarter operations, manufacturing, warehouse & distribution, fabrication, R & D, manufacturing suppliers and other employers engaging in business-to-business commerce. Those employers that do not qualify include retail, commercial, most services and other non-business-to-business operations.



New companies to the Central Oregon area that are eligible for the program must create at least one new full time job. Existing companies must expand by

at least 10% in the first year to be eligible. To receive E-Zone authorization companies must commit to entering into a first-source hiring agreement before hiring new employees which entails an obligation to consider referrals from local job training providers for filling eligible job openings.

- New investments must be \$50,000 or more, in total, for qualified "real property," which includes newly constructed buildings or structures; new additions or modifications to existing buildings or structures; heavy/affixed machinery and equipment.
- Existing firms must increase and maintain full time employment by ten percent (10%) for the full term of their exemption. New firms to the area must employ at least one person
- There are no limits to the number of times a company may use the zone.
- **Land, non-inventory supplies, rolling stock, vehicles, and motor propelled devices do not qualify toward new investment minimums.**

Minimum Qualifying Criteria	3 years (Standard)	5 years (Extended)
Investment	\$50,000	\$50,000
New employment for existing company	10% increase 1st year	10% increase 1st year
Average compensation per employee	No minimum	\$56,624*
<small>* 150% of 2013 Deschutes County average annual wage \$37,749; may include non-mandatory benefits, overtime and profit sharing.</small>		

## E-ZONE INCENTIVE SAVINGS

Estimated property tax savings are illustrated below for both a Standard 3 year abatement and an Extended 5 year abatement. Savings are based on new investments of \$100,000 and \$1,000,000 and are calculated using Bend's property tax millage rate per \$1,000 of assessed valuation and are rough estimates as the millage rate and change property ratio are subject to change.

Approximation of Bend E-Zone Savings		
Original Investment	3 Years (Standard)	5 Years (Extended)
\$100,000	\$4,000	\$6,600
\$1,000,000	\$40,000	\$66,000

## **E-COMMERCE ZONE**

Bend is one of a limited number of Oregon's zones with special status to encourage electronic commerce investments. "E-commerce" is defined as engaging predominantly in transactions via the Internet or an Internet-based computer platform. Transactions can include taking orders, closing sales, making purchases, providing customer service, or other activities that serve the firm's overall purpose, even if retail in nature.

Qualifying firms receive income tax relief - a credit against the firm's annual state income or corporate excise tax liability - which equals 25% of that year's investment cost in capital assets for e-commerce related operations. Note that the electronic commerce income tax relief can be layered with the E-Zone property tax abatement. For more information regarding qualified investments and credits, please contact the Zone Manager.

## **FREQUENTLY ASKED QUESTIONS**

**Does the Enterprise 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.

**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.

**When the exemption period expires, does my property (building and equipment) come back on the tax rolls?**

Yes. Buildings and equipment are assessed throughout the exemption period, but come back on the tax rolls at a depreciated or appreciated value. Eligible property taxes on real and some personal property are exempted, not deferred.

**Are commercial developments eligible for Enterprise Zone exemptions?**

No, only primary employers are eligible. The general test for commercial versus primary or industrial is that a majority of a company's products or services must be sold or delivered outside the region, or to another business.

**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.

**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 Enterprise Zone Authorization

Application *prior* to purchasing equipment or breaking ground on new or expanded facilities. It is strongly recommended that companies meet with the Zone Manager *before* making any land use application, obtaining building permits, or purchasing equipment.

**Must my facility be located within the boundaries of the Bend Enterprise Zone?**

Yes, operations not located within the E-Zone boundaries do not qualify. To view a Bend Enterprise Zone map visit [www.edcoinfo.com/maps/](http://www.edcoinfo.com/maps/) or call the Zone Manager for information concerning zone boundaries.

**How difficult is the approval process?**

Most companies find the application process quick, non-bureaucratic and easy to navigate. 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 generally processed within one week. After filing the completed application, investment can commence immediately.

Annual (specific) reports are required for employment and property exemption claims which are one or two-page forms submitted directly to the Oregon Department of Revenue.

**Do 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 property tax exemptions saving along to their tenants.

## **APPLICATION PROCESS**

To receive incentives, businesses must file an Enterprise Zone Authorization Application with the local Zone Manager and be approved *prior* to any eligible investments. For information about E-Zone use in Bend, contact Robyn Sharp, Bend Manager for Economic Development for Central Oregon (EDCO).

**Zone Sponsor: City of Bend**

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