

# ***Enterprise Zones***

Oregon's enterprise zones offer a unique resource to Oregon communities, and an excellent opportunity for businesses growing or relocating in Oregon. Enterprise zones exempt businesses from local property taxes on *new* plants and equipment for three to five years in a standard zone, and up to 15 years in a rural zone. Large property tax liability can otherwise have a deterring effect on private investors seeking to start or enlarge operations with a substantial initial capital investment.

Sponsored by local city/county/tribal/port governments, an enterprise zone typically serves as a focal point for local development efforts and incentives. There are currently 59 enterprise zones creating better opportunities for business investment across Oregon: 48 rural and 11 urban.

## **Standard Enterprise Zones**

Standard enterprise zones are designed to encourage business investment through property tax relief, in specific areas of the state. In exchange for locating or expanding into an enterprise zone, eligible (generally non-retail) businesses receive total exemption from the property taxes normally assessed on new plants and equipment for at least three years (but up to five years).

### **The Incentives**

The following are the incentives available to businesses locating in standard enterprise zones:

- While a facility is under construction, it is not subject to local property taxes
- Three to five consecutive years of full relief from property taxes on a new facility

### **Where these Tax Incentives Apply**

The standard enterprise zone incentives are available in established enterprise zones, of which there are more than 59 throughout the state, 48 of which are rural zones offering extended benefits.

### **Criteria for Qualifying Projects**

For the basic, three-year enterprise zone exemption, qualifying projects must:

- increase full-time, permanent employment of the firm inside the enterprise zone by the greater of one new job or 10 percent (or special-case local sponsor waivers);
- generally have no concurrent job losses outside the zone boundary;
- maintain minimum employment levels during the exemption period;
- enter into first-source agreements with local job training providers; and satisfy additional local conditions, potentially imposed under an *urban* zone policy.

**Criteria for extended tax abatement -- for a total of four or five years of exemption - includes the criteria for the three-year enterprise zone exemption as well as the following:**

- Compensation of new workers must be at or above 150 percent of the county average wage.
- There must be local approval by written agreement with the local zone sponsor.
- The company must meet any additional requirements that the local zone sponsor may reasonably request.

### **Long-term Enterprise Zones**

Available in most rural enterprise zones, the long-term zone program extends property tax abatement to 15 years, rather than the standard three to five years provided under the standard enterprise zone. Any type of business activity is eligible, but these incentives depend on local approval and minimum levels for investment size, job creation and employee compensation. For further information on these incentives, the current eligibility of certain counties, and investment/employment minimums by zone, please contact a local zone manager.

### **The Incentives**

The following are the incentives available to businesses locating in long-term enterprise zones.

- While a facility is under construction, it is not subject to local property taxes.
- Seven to 15 consecutive years of full relief from property taxes on a new facility, once it is up and running.
- With the Governor's approval, corporate income tax credits can supplement this property tax relief. Special criteria restrict these incentives to rather exceptional investments in terms of minimum investment cost and a minimum number of new hires, which depend on the facility's location and the county's size. The credit is equal to 62.5 percent of gross payroll to be used against state corporate excise/income tax liability relating to the facility, over and above an annual minimum payment of state taxes, provided the corporation owns the facility and Governor's approval has been granted.  
*{Credits are received over a five- to 15-year period, and each credit may be carried forward for five succeeding years.}*

### **Where these Tax Incentives Apply**

The long-term enterprise zone incentives are available:

- in rural enterprise zones, of which there are more than 40 throughout the state; and
- inside counties with longstanding annual unemployment rates or per capita income levels meeting defined levels, based on latest statistics.

*Note:* The project must be in both an eligible county and rural enterprise zone when the local agreement is signed.

### **Criteria for Qualifying Projects**

Qualifying projects must meet the following three criteria:

- Total investment costs need to be greater than one percent (or .5 percent depending on the agreement) of a county's total real market value by the end of the year when operations begin. This base amount varies from about \$1 million up to \$25 million, depending on the location.
- Within three or five years of commencing operations, at least a certain minimum number of new, full-time employees are hired (10, 35, 50 or 75 jobs, again, depending on location) and maintained during the tax abatement period. *(A minimum of 10 new employees also suffices in most relevant zones, if the investment exceeds \$200 million.)*
- Average annual compensation across all workers at the facility must stay at or above 150 percent of the county average annual wage, as first met and established within five years of starting operations.

### **The Process**

The following outlines the steps that businesses must take to qualify for enterprise zone benefits:

**Step 1:** Prior to beginning construction, a business must submit a certification application PDF to the local enterprise zone manager and county assessor.

**Step 2:** The business and all local government sponsors of the enterprise zone enter into a written agreement.

**Step 3:** This local agreement determines the exemption period (seven to 15 years) and may specify additional requirements to be met by the business/facility.

**Step 4:** The county board of commissioners (and the city council, if within city limits) adopts a resolution sanctioning the property tax exemption.

The following are the steps to apply for additional income tax credit:

**Step 1:** Contact the zone manager.

**Step 2:** The Governor of Oregon issues a one-time approval for the income tax credit and sets the length of time to receive credits.

**Step 3:** Pursuant to the Governor's approval, the approved business can begin claiming credit (for five to 15 consecutive years), at the latest, by the tax year that starts in the third calendar year after the year when the facility is placed in service, using a Department of Revenue form. PDF

**Special Notes**

Sunset provisions for long-term Rural Enterprise Zone tax incentives do not affect any incentives certified and approved before the program's expiration.

Other tax incentives are not affected if the Governor does not grant the tax credit. If, in fact, it is granted, then 30 percent of corporate taxes collected by the state with respect to the facility are rebated to local taxing governments/districts.

**Electronic Commerce Zones**

Several of Oregon's 50-some enterprise zones have received special status to further encourage electronic commerce, or "e-commerce," investments.

The most significant feature of these zones is that a qualifying business may receive a credit against the business's annual state income or corporate excise tax liability. The credit equals 25 percent of that tax year's investment cost in capital assets for operations related to electronic commerce and located in the designated area.

This state tax credit is in addition to the three- to five-year standard enterprise zone exemption from local property taxes inside the zone.

## HOW THE ENTERPRISE ZONE PROCESS WORKS

- Application for “authorization” is filled out and submitted to the local zone manager (Jim Hendryx) and must be approved before beginning any project work at the investment site.
- Investment cost must be \$50,000 or more, in total, for qualified “real property,” which includes all of the following:
  - Newly constructed buildings or structures
  - New additions or modifications to existing building/structure
  - Heavy/affixed machinery and equipment
  - For machinery or equipment that is “personal property”—i.e., readily movable and not affixed to real property—each individual item must cost: • \$50,000 or more, or • \$1,000 or more if used for electronic commerce in an *E-commerce* zone or *exclusively* for tangible production
  - Land, non-inventory supplies, rolling stock, vehicles and motor-propelled devices do *not* qualify.
- Business eligibility (business type—short-term exemption)
  - Enterprise zone policy focuses on “for-profit” business operations that do not compete significantly within the local economy, and that therefore will bring new income to the community. The crucial function of authorization is to ascertain such eligibility up front.
- Relocating into the zone
  - Beyond 30 miles—If operations at a particular site 30+ miles beyond the proposed site, permanently closes or curtails, and local jobs are reduced relative to the general workforce where site is located, then a firm transferring operations from site one site to another site it does not qualify.
  - Within 30 miles — If an authorized business firm moves operations from one site to another site within 30 miles of the original site (Salem to Woodburn), then by April 1 and during the first year of exemption, the number of employees within the zone *plus* those at the original site needs to equal or exceed 110 percent of the authorized annual average employment in the zone *and* at the original site. (If employees also are transferred into the zone from site W, they too are added to both sums.)

- First-Source Hiring Agreement is entered into prior to new hiring and must cover the entire exemption period.
- Work-in-Progress refers to qualified property at the enterprise zone site on January 1 that is not yet placed in service. County assessor must receive a filing by April 1.
- Exemption Claim with Property Schedule is filed with the county assessor and copied to the zone manager on or after January 1 but on or before April 1 of first year of exemption. {This first year of the exemption directly follows the year when qualified property is placed in service—in use or occupancy or otherwise ready for intended commercial operations.
- Exemption Claim must be filed each year of the exemption documenting compliance with the program criteria

What is exempt under the Enterprise Zone Program?

- Short term exemption on taxable property
  - Standard—100 percent (total) exemption from the property taxes normally assessed on significant new plant and equipment. Exemption lasts for *three* years after the property has been placed in service.

What about an Extended Abatement?

- The standard exemption can be lengthened to four or five consecutive years in total by the City Council.
- Business must pay added employees at 150% of County Average wages and benefits.

Work-in-Progress — qualified businesses have up to two years to make improvements - property is exempt for up to two years, while construction, installations, and so forth are ongoing (as of January 1).

## OREGON EMPLOYMENT DEPARTMENT

### FIRST SOURCE HIRING AGREEMENT

1. Pursuant to ORS 461.740 and Oregon Administrative Rules 123-70-300 through 123-70-370, this FIRST SOURCE HIRING AGREEMENT for referral of qualified job applicants is entered into by Danell Butler, Manager of the Salem office of the Employment Department, hereafter referred to as the "CONTACT AGENCY", who also represents the following agencies:

Adult and Family Services Division, Vocational Rehabilitation Division, Mid-Willamette Jobs Council, Chemeketa Community College, and EMPLOYER, hereafter referred to as the "EMPLOYER".

2. The EMPLOYER is receiving benefits from the following program/s:  
(check only those that apply)  
 State lottery funded program; (specify) Oregon Business Development  
 Enterprise Zone Program  
 Other (specify)
3. Under this First Source Agreement, the EMPLOYER will use the CONTACT AGENCY as its first source for referral of qualified applicants for all job openings of the EMPLOYER at - \_\_\_\_\_ . The EMPLOYER agrees to notify the CONTACT AGENCY of all job openings beginning on the date this agreement is effective through the end date of the agreement. Each notice shall include job qualifications and a deadline for referrals. The EMPLOYER shall assure that the CONTACT AGENCY has sufficient lead time (minimum lead time is fourteen working days before the application close date, except in temporary or emergency situations) and information as agreed upon by EMPLOYER and the CONTACT AGENCY to make referrals for the job openings that will be filled by the EMPLOYER. The EMPLOYER agrees that all job information will be shared with all partner agencies represented by the CONTACT AGENCY.
4. To the extent that qualified applicants are available, the CONTACT AGENCY agrees to refer those individuals to the EMPLOYER for job openings.
5. The EMPLOYER agrees to consider for employment the job applicants referred by the CONTACT AGENCY by the referral deadline and to notify the CONTACT AGENCY when such job applicants are hired by the EMPLOYER.
6. The EMPLOYER agrees to comply with all applicable state and federal laws regarding employment of qualified applicants.
7. The EMPLOYER will make all final decisions on hiring new employees. After the EMPLOYER has hired the employees, the EMPLOYER assumes full responsibility for them as employees.

8. All persons hired under this agreement are subject to the EMPLOYER'S regular personnel policies and procedures and have no special or additional rights arising from this agreement.
9. If the terms of this agreement conflict with the terms of a collective bargaining agreement to which the EMPLOYER is a party, the bargaining agreement shall prevail.
10. Both CONTACT AGENCY and EMPLOYER agree to attempt to resolve areas of misunderstanding, disagreement or dissatisfaction with each other as soon as they arise. If the parties are unable to resolve the issue, either party should first initiate a meeting between the EMPLOYER and all parties to the Interagency Agreement. If resolution cannot be reached, then parties request assistance from the Oregon Business Development Department.
11. This agreement shall take effect on \_\_\_\_\_ in full force and effect until the end of the exemption period.

By \_\_\_\_\_ Date \_\_\_\_\_

Danell Butler, Manager  
Salem Field Office  
Employment Department  
605 Cottage Street NE  
Salem, OR 97301  
(503) 378-8026

By \_\_\_\_\_ Date \_\_\_\_\_

EMPLOYER REPRESENTATIVE

Employment Department Contact Person:  
Olga Reutov, WorkSource Oregon  
Woodburn, Center

## CERTIFICATION APPLICATION Long-Term Rural Oregon Tax Incentive

ORS 285C.400-285C.420

- Complete this form and submit to the local enterprise zone manager and the county assessor **before** breaking ground or beginning work at the site.
- Please type or print neatly.

ELIGIBLE LOCATION (see #3 on the back)			
Rural Enterprise Zone			County
APPLICANT			
Name of Business Firm			Telephone Number (     )
Mailing Address	City	State	ZIP Code
Location of Property (street address if different from above)	City	State	ZIP Code
Map and Tax Lot No. of Site	Contact Person	Title	

### DEFINING THE FACILITY

**Description of operations and overall physical plant when the proposed facility is placed in service:** (attach additional pages)

#### Property or improvements to be purchased, constructed, or installed:

Type of Property	Square Footage/Acreage/ Number of Units or Items	Estimated Cost
New buildings and structures and land to be acquired		\$
New additions/modifications to existing buildings and structures		\$
New machinery and equipment (please attach list)	Real property (attached to building/real property)	\$
	Personal property (readily movable)	\$
Total Estimated Cost of New Investment		\$
<b>Assessed value of all real and personal property currently at the site of the proposed facility/investment</b>		\$

#### Construction, hiring, and commencing operations:

- Construction is expected to begin..... \_\_\_\_\_
- Hiring is expected to begin (month/year) ..... \_\_\_\_\_
- Facility is expected to be first placed in service/operations beginning (month/year) ..... \_\_\_\_\_
- Final construction of facility property is expected to be completed (month/year) ..... \_\_\_\_\_
- Hiring is expected to be completed (month/year) ..... \_\_\_\_\_
- Estimated total of full-time employees to be hired by the firm for new facility..... \_\_\_\_\_

#### CORPORATE EXCISE TAX CREDITS

Will applicant seek the 5 to 15-year tax credit under ORS 317.124?  Yes\*  No

If yes, the tax credit would be requested to begin in the tax year starting on: \_\_\_\_\_

\*Must be approved, in writing, by the governor of the state of Oregon and begin no later than the third calendar year after the year in which the facility is placed in service. It is not sought until after certification.

**COMMITMENTS BY APPLICANT/BUSINESS FIRM**

All must be checked below to be certified—

- By the end of the calendar year in which the facility is placed in service, the total costs of property and improvements are, or will be more than the lesser of: (a) \$25 million or \$12.5 million, whichever applies; or (b) a figure equal to one percent or one-half of one percent, whichever applies, of the value of all nonexempt taxable property in the county, rounded to the nearest \$10 million of such value, or more than \$200 million.
- Within the applicable time frame after operation of the facility begins, at least 10, 25, 50, or 75 new employees (whichever applies) will be employed at the facility, in addition to persons employed by the firm within the state 12 months prior to when operations began, and who are each working more than 32 hours per week at the facility.
- Not later than the fifth year after the year in which operation of the facility begins, the average of annualized compensation or all employees at the facility will be equal to or greater than 150 percent of the county average annual wage, as reported by the Oregon Economic and Community Development Department, at the time that this requirement is initially fulfilled.
- All additional requirements or conditions contained in the attached written agreement with the sponsor of the enterprise zone will be satisfied (see #2 below).
- Information and appropriate verification, including, but not limited to, actual levels of investment cost, employment, payroll, etc., that pertain to the above commitments will be presented in writing to the local zone manager and county assessor on or before the mandatory time as noted above or as contained in applicable law and rules, or upon request by state or local officials.

**DECLARATION**

I declare under penalties of false swearing [ORS 305.990(4)] that I have examined this document and attachments, and to the best of my knowledge they are true, correct, and complete. If any information changes I will notify the enterprise zone manager and the county assessor and submit appropriate written amendments. I understand that my business firm will receive the property tax exemption for property in the enterprise zone, only if the relevant requirements are satisfied and maintained, and if my firm complies with all local, state, and federal laws that are applicable to my business.

Signature of Authorized Representative of Business Firm <b>X</b>	Date
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**Standard property tax returns must still be filed.**

**APPROVAL**

**To be filled in by the local zone manager and the county assessor after the above commitments are completed.**

<b>1</b>	The board of county commissioners adopted a resolution approving the property tax exemption for the facility. (Attach a copy of the resolution and indicate the date of adoption in the box to the right.)	Date
	The city council adopted a resolution approving the property tax exemption for the facility, if it is located within corporate limits. (Attach a copy of the resolution and indicate the date of adoption in the box to the right.)	Date
<b>2</b>	The business firm has entered into a common written agreement with all of the city or county governments that sponsor the enterprise zone, including co-sponsors in addition to those adopting resolutions in #1 above. (Attach a copy of the agreement and indicate the date the agreement was concluded in the box to the right.)	Date
<b>3</b>	At the time the written agreement in #2 above was executed, the facility was located in an existing rural enterprise zone and in a county with chronically low income or unemployment. (Attach confirmation from Oregon Economic and Community Development Department that the zone is not terminated and that relevant county or U.S. economic statistics satisfy requisite legal definitions. Indicate the date of the letter and the length of the exemption period in the box to the right.)	Date

Signature of Local Enterprise Zone Manager <b>X</b>	Date
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Signature of County Assessor <b>X</b>	Date
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**Zone Manager/County Assessor:** After signing, send copies of this form and all attachments to:  
(1) Business firm; (2) Oregon Department of Revenue; (3) Oregon Economic and Community Development Department

## OREGON ENTERPRISE ZONE AUTHORIZATION APPLICATION

• Complete form and submit to the local enterprise zone manager **before** breaking ground or beginning work at the site. • Please type or print neatly.

### APPLICANT

Enterprise Zone or Rural Renewal Energy Development Zone (where business firm and property will be located)		County	
Name of Business Firm		Telephone Number (      )	
Mailing Address	City	State	ZIP Code
Location of Property (street address if different from above)	City	State	ZIP Code
Map and Tax Lot Number of Site	Contact Person	Title	

My firm expects to apply for this property tax exemption in the following year(s): \_\_\_\_\_

- Check here if your firm has or has had another exemption in this enterprise zone. Note the first year of such exemption: \_\_\_\_\_
- Check here that your firm commits to renew this authorization application. Renew this application on or before April 1 every two calendar years, until the tax exemption on qualified property is claimed.
- Check here if you are requesting an **extended abatement** of one or two additional years of exemption. This is subject to minimum average annual "compensation" for employees and written agreement with local zone sponsor. Sponsor may request additional requirements.

**Zone Manager Use Only (after written agreement but before authorizing firm):**  
 County Average Annual Wage: \$ \_\_\_\_\_ Total Exemption Period: \_\_\_\_\_ (consecutive) years

### BUSINESS ELIGIBILITY

**Eligible Activity**—Check all activities that apply to proposed investment within the enterprise zone:

- Manufacturing     Fabrication     Bulk Printing     Shipping     Agricultural Production     Energy Generation
- Assembly     Processing     Software Publishing     Storage     Back-office Systems
- Other—describe the activities that provide goods, products, or services to other businesses (or to other operations of your firm): \_\_\_\_\_

- Check here if your business firm does or will engage in **ineligible activities** within the enterprise zone (such as retail sales, health care, professional services, or construction). Describe below (or in an attachment) these activities and their physical separation from "eligible activities" checked above: \_\_\_\_\_

**Special Cases**—Check all that apply:

- Check here if a **hotel, motel, or destination resort** in an applicable enterprise zone.
- Check here if a **retail/financial call center**. Indicate expected percent of customers in local calling area: \_\_\_\_\_ %.
- Check here if a **"headquarters" facility**. (Zone sponsor must find that operations are statewide or regional in scope and locally significant.)
- Check here if an **electronic commerce investment** in an e-commerce enterprise zone. (This also provides for an income tax credit.)

### EMPLOYMENT IN THE ENTERPRISE ZONE (see worksheets on last page)

Do not count temporary, seasonal, construction, FTE, part-time jobs (32 hours or less per week), or employees working at ineligible operations.

**Existing Employment**—My business firm's average employment in the zone over the past 12 months is \_\_\_\_\_ jobs.

- New Employees**—
- Hiring is expected to begin on (date or month and year): \_\_\_\_\_
  - Hiring is expected to be completed by (month and year): \_\_\_\_\_
  - Estimated total number of new employees to be hired with this investment is: \_\_\_\_\_

**Commitments**—By checking all boxes below, you agree to the following commitments as required by law for authorization:

- By April 1 of the first year of exemption on the proposed investment in qualified property, I will increase existing employment within the zone by one new employee or by 10 percent, whichever is greater.
- When the exemption claim is also filed by April 1 following each calendar year of exemption, total employment in the zone will not have shrunk by 85 percent at one time or by 50 percent twice in a row, compared to any previous year's figure.
- My firm will maintain at least the above minimum level as an annual average employment during the exemption period.
- My firm will comply with local additional requirements as contained in: (1) a written agreement for an extended agreement, (2) zone sponsor resolution(s) waiving required employment increase, or (3) an **urban** enterprise zone's adopted policy, if applicable.
- My firm will verify compliance with these commitments, as requested by the local zone sponsor, the county assessor or their representative, or as directed by state forms or administrative rules.
- My firm will enter into a **first-source hiring agreement** before hiring new eligible employees. (This **mandatory** agreement entails an obligation to consider referrals from local job training providers for eligible job openings within the zone during at least the exemption period.)

**OREGON EMPLOYMENT OUTSIDE THE ENTERPRISE ZONE**

Check only those that apply:

- Check here if your firm or a commonly controlled firm is, or will be, closing or curtailing operations in the state **beyond 30 miles of the zone's boundary**. Indicate timing, location, number of any job losses, and relationship to the proposed enterprise zone investment:
  
- Check here if you are transferring any operations into the zone from site(s) **within 30 miles of the zone boundary** (existing businesses only): My firm's average employment at the site(s) over the past 12 months is \_\_\_\_\_ jobs.
- Check here if your firm commits to increase the combined employment at the site(s) (within 30 miles) and in the zone to 110 percent of the existing combined level by April 1 and on average during the first year of exemption.

**PROPOSED INVESTMENT IN QUALIFIED PROPERTY**

**Anticipated Timing**—Enter dates or months/years

Action	Site and Building & Structures			Machinery and Equipment		
	Preparation	Construction*	Placed in Service	Procurement**	Installation	Placed in Service
To commence or begin on						
To be completed on						

\* And/or new reconstruction, additions to, or modifications of existing building(s) or structure(s).

\*\* May precede application by up to three months.

**Special Issues:**

- Check here for building/structure acquired/leased for which construction, reconstruction, additions, or modifications began prior to this application (attach executed lease or closing documents).
- Check here for **Work-in-Progress** tax exemption for qualified property that is not yet placed in service and is located on site as of January 1. (Attach description and list of such probable property. See "Special Issues Worksheet," on the last page.)

**Qualifying Property:** Estimates of cost (please attach a preliminary list of machinery and equipment).

Type of Property		Number of Each/Item	Expected Estimated Value	Check if any Item will be Leased
Real Property	Building or structure to be newly constructed		\$	<input type="checkbox"/>
	New addition to or modification of an existing building/structure		\$	<input type="checkbox"/>
	Heavy or affixed machinery and equipment		\$	<input type="checkbox"/>
Personal Property Item(s) Costing:	\$50,000 or more		\$	<input type="checkbox"/>
	\$1,000 or more (E-commerce zone or used exclusively for tangible production)		\$	<input type="checkbox"/>
<b>Total Estimated Value of Investment</b>			\$	

**Additional Description:** In addition to what is explained elsewhere, briefly comment below (or in an attachment) on the scope of your investment, the particular operations and output that are planned, and the intended uses of the qualifying property.

**DECLARATION**

I declare under penalties of false swearing [ORS 305.990(4)] that I have examined this document and attachments, and to the best of my knowledge, they are true, correct, and complete. If any information changes, I will notify the zone manager and the county assessor and submit appropriate written amendments. I understand that my business firm will receive the tax exemption for property in the enterprise zone, only if my firm satisfies statutory requirements (ORS Chapter 285C) and complies with all local, Oregon, and federal laws that are applicable to my business.

**MUST BE SIGNED BY AN OWNER, COMPANY EXECUTIVE, OR AUTHORIZED REPRESENTATIVE OF THE BUSINESS FIRM**

Signature X Date \_\_\_\_\_

Title (if not an owner or executive, attach letter attesting to appropriate contractual authority)

**Local enterprise zone manager and county assessor must approve this application (with Enterprise Zone Authorization Approval, form 150-303-082)**

### Property Criteria:

- For a significant building or structure to be exempt, the authorization must include some description of it. Also, if no machinery and equipment is indicated, then no such property qualifies.
- All property needs to be new, meaning it was not used or occupied in the zone more than one year before exemption begins.
- Machinery and equipment must be newly acquired or newly transferred from outside of the county (except for major retrofit or refurbishment of real property idle for 18 months).
- Any or all property may be leased from any party, if your firm (the lessee) is obligated to pay the property taxes.
- All real property—buildings, structures, and heavy/affixed machinery and equipment—listed on the exemption claim property schedule must cost \$50,000 or more in total.
- Personal property machinery and equipment is readily movable and qualifies based on per-item cost minimum.

- Land, vehicles, motorized/self-propelled devices, rolling stock, non-inventory supplies, and idle or ineligibly used property do not qualify.
- The investment in property needs to be for the furtherance of income. For example, it may not be for personal use.

### Additional Property and Future Projects:

- With an ongoing investment, subsequent property that is not placed in service until the first or second year of exemption on the initial property may be exempted as well.
- In other words, property schedules may be filed with up to three consecutive claims, pursuant to a single authorization.
- Any major change of plans should be amended into the application, in writing to both the zone manager and the county assessor, before the first year of an initial exemption.
- Another authorization application is necessary for qualified property at a different location in the same or another zone.

## APPLICABLE PROPERTY TAX RETURNS MUST STILL BE FILED ANNUALLY

Please complete the following worksheets either before or during the pre-authorization consultation with the local zone manager

### Employment Worksheet

Use this worksheet to determine your business firm's annual average employment over the 12 months preceding the date on which you submit the authorization application, and as required during the period of the enterprise zone exemption:

1. Identify those employees or positions within the zone that are: (a) working a majority of their time in "eligible" activities or in direct support of those activities; (b) paid on average for more than 32 hours per week; (c) not employed solely to construct property; (d) not seasonal; and (e) not temporary—not hired, leased, or contracted for less than one year or on an as-needed/ad hoc basis. Don't use "full-time equivalents" (FTE).
2. Determine the number of the above employees at the end of each pay period, calendar month, or quarter over the prior 12 months.
3. Total the number of employees from each period and divide this sum by the number of periods. If not using months, include a suitable attachment in place of the following with your application:

$$\begin{aligned} & \text{_____ (1) + _____ (2) + _____ (3) + _____ (4) +} \\ & \text{_____ (5) + _____ (6) + _____ (7) + _____ (8) +} \\ & \text{_____ (9) + _____ (10) + _____ (11) + _____ (12) -} \\ & \text{_____ + 12 = _____ *Average Annual Existing Jobs} \end{aligned}$$

4. If your Average Annual Existing Jobs\* (from number 3, above) is:
  - a) Five or more, multiply by 1.1, as follows:  
$$* \text{_____} \times 1.1 = \text{_____}, \text{ or}$$
  - b) Less than five, add one, as follows:  
$$* \text{_____} + 1 = \text{_____}.$$
5. Round the total from 4a or 4b to the nearest whole number (for example, 25.49 becomes 25 and 25.50 becomes 26). Your rounded figure is the level of employment required by April 1 of the first year of exemption.

For purposes of compliance, repeat steps 1–3 and 5 above for each year that qualified property is exempt.

### Special Issues Worksheet

This worksheet is simply a checklist to guide you through certain issues that may need to be addressed as soon as possible. Check if the answer is "yes" or "maybe."

- Will the requisite increase of enterprise zone employment be difficult to achieve, even with the new investment? Or could it be somewhat unapparent? In any case, work out verification options with local zone manager. Copies of unemployment insurance reports or other records should be kept on file to assure manager and assessor.
- If the number of jobs will likely not grow by 10 percent, do you want local waiver by resolution(s) adopted by zone sponsor with authorization? Waiver allowed if investment costs \$25 million or more, or with a 10 percent rise in productivity combined with workforce training fund.
- Do you anticipate any January 1 work-in-progress property? File by April 1 with the county assessor's office using the *Application for Cancellation of Assessment on Commercial Facilities under Construction* form (150-310-020) for the regular "Construction-in-Process" (CIP) program. (Not available for centrally assessed/utility property.)
- Are you interested in publicly owned and otherwise available real estate that might exist in the zone and that an authorized business firm generally has a right to buy or lease if promptly developed for authorized use?

- Would you like to know about local incentives that city/county sponsor may offer to authorized businesses, such as fee waiver, regulatory expedition, and so forth?
- Will a qualified building be partially occupied by another business/tenant or used for ineligible operations? In such cases, work with the local zone manager to determine the units or proportion of space for the assessor to exempt.
- Would you like your enterprise zone employment to be combined with the job figure for (100-percent) commonly owned firm/corporation(s)? If so, attach a statement with the name of the other company(s). Without such election, even subsidiaries of the same parent corporation are treated as distinct business firms within an enterprise zone.
- Is investment pending the site's inclusion in the zone? This application may be approved under such circumstances, but make arrangements with the local zone manager to ensure that site work does not begin until on or after the effective date of the boundary change. (Same applies to designation of a new enterprise zone.)
- Is the enterprise zone terminated? This normally precludes authorization or qualification, but an already authorized/qualified firm can "grandfather" and may be authorized up to 10 years after the termination of the zone.

# OREGON ENTERPRISE ZONE AUTHORIZATION APPLICATION INSTRUCTIONS

## For More Information

Please see the Economic and Community Development Department's guidance booklet, *Enterprise Zones in Oregon*.

Visit the Web site at [www.econ.state.or.us/enterthezones](http://www.econ.state.or.us/enterthezones).

## Applicant

This application form serves to authorize your business firm to receive a standard three-year exemption on qualified property that you will own or lease at the specified site in the enterprise zone. The local zone manager and the county assessor's office authorize your firm (not the proposed investment) using an *Enterprise Zone Authorization Approval* form (150-303-082).

### Mandatory Timing in Being Authorized:

- Complete and submit this form to the local zone manager before beginning physical project work (construction, installations, etc.) or hiring new employees. Work may then proceed even before approval.
- See "Proposed Investment in Qualified Property" for exceptions—work that might normally precede application.
- No exemption is allowed on property for which work began prior to the **effective date** of the zone's designation or amendment to include the site, or for any property already assessed by that date.
- After submitting this application but before being authorized, you and the zone manager will hold a **pre-authorization consultation**, at which the assessor's office might participate, to formally address special issues or contingencies for qualification.
- If seeking an **extended abatement** of four or five years in total, a written agreement with the zone sponsor must be executed when your firm is approved for authorization.

### First Year Claiming Exemption from Property Taxes:

- The first year of exemption is the year following the year in which the qualified property is "placed in service." This means when the property is first used or occupied, or is ready for use or occupancy, for intended commercial purposes.
- To claim the exemption, you must file with the county assessor after January 1, but on or before April 1, of that first year. Attach a schedule of the property to be exempted.
- Submit the exemption claim (without property schedule) after each year of exemption, in order to confirm compliance.

### Keeping Authorization Active:

- This application needs to be renewed after two full years between January 1 and April 1, if your firm is not ready to claim an exemption. Submit a letter with the zone manager and assessor stating your continuing interest and intent.
- Failure to submit such a statement every two years (while the zone exists) classifies your authorization as "inactive." A fee is then required in order to claim the exemption.

## Business Eligibility

A key function of authorization is to ascertain and assure a business firm's eligibility for exemption.

- The program is primarily limited to for-profit organizations that provide goods or services to other business operations.
- **Ineligible operations** include: tourism, retail food service, entertainment, childcare, financial services, property management, housing or construction, retail sales or goods or services, health care, or professional services.

- An eligible **call center** may receive customer requests and orders by various means, but at least 90 percent must originate from areas that would entail a long-distance charge if performed by telephone.
- **E-commerce** investments receive special treatment in four enterprise zones and in the city of North Plains.
- **Central facilities** for management, marketing, design, etc., are eligible if serving statewide or wider operations of a company. (Investment needs to conform to authorized description.)
- More than 60 percent of the enterprise zones have elected to make **hotels, motels, and destination resorts** eligible. The choice may differ among a zone's sponsoring jurisdictions.

## Employment in the Enterprise Zone

To be authorized, the eligible business firm must commit to satisfy job-creation requirements:

- The number of jobs in the zone must rise and be maintained during the exemption at a minimum of 110 percent of the average level from the time of the authorization application.
- Failure to reach this level precludes the exemption.
- Failure to maintain this level represents "substantial curtailment," as would a big drop in total employment.
- Your firm must enter into a **first-source hiring agreement** before hiring new employees. The local zone manager will direct you to the contact agency.
- Your firm and the zone sponsor are solely responsible for compliance/verification of local additional requirements.
- Also see "Special Issues Worksheet" on the last page.

## Employment Outside the Enterprise Zone

The business firm is disqualified if:

- The transfer of operations into the enterprise zone results in Oregon job losses more than 30 miles from the zone boundary.
- The movement of employees into the zone (from within 30 miles of its boundary) results in less than a 10 percent increase of the overall employment level in the zone and outside the zone.

## Proposed Investment in Qualified Property

To assist eligible business firms in understanding the property tax benefit they may receive for investing in an enterprise zone, the authorization application asks for the best available information on the cost, extent, and timing of planned investments. It is critical for communication between the firm, the local zone manager, and the county assessor.

### Pre-application Activity at Site:

In general, physical investment including site preparation must begin after this application is submitted. Exceptions include, but are not limited to, the following:

- A project started and abandoned at least six months earlier.
- Demolition, hazard removal, or environmental cleanup.
- Property acquired from another authorized business firm.
- Purchase or lease from a third party of a newly constructed or newly improved building. In this case, work may already be underway or completed, but approval of this application must include a copy of the sale/lease agreement and must happen before any use or occupancy of the building.

**Work-in-progress:** Qualified property, on-site as of January 1, may be exempt for up to two years before being placed in service. File the regular *Application for Cancellation of Assessment on Commercial Facilities Under Construction* form (150-310-020) with the county assessor on or before April 1, if work is still underway on January 1.

# OREGON ENTERPRISE ZONE EXEMPTION CLAIM

DEPARTMENT OF REVENUE USE ONLY
Date Received

### INSTRUCTIONS

- File with **assessor** of county containing property and copy local zone manager.
- File after January 1 and on or before April 1 directly following the year in which qualified property is placed in service. Attach a schedule for such property (form 150-310-076).
- File within same time frame after each year of exemption. Attach a property schedule only for additional new qualified property subject to same authorization.
- Separate claims are required for exemptions subject to different authorizations, including, but not limited to, different investment sites within the enterprise zone.
- See page 2 of this form for further filing instructions.

FOR ASSESSOR'S USE ONLY		
Date Received	Received By	Filing Fee
		\$
Account Number	Code Area Number	<input type="checkbox"/> Approved <input type="checkbox"/> Denied
Briefly Give Reason for Denial		

### FILER/TAXPAYER

Enterprise Zone or Rural <b>Renewal Energy</b> Development Zone where business firm and property are located		County where business and property are located	
Name of Business Firm		Telephone Number (     )	
Mailing Address	City	State	ZIP Code
Location of Property (street address if different from above)	City	State	ZIP Code
Map and Tax Lot Number of Site	Contact Person	Title	

### AUTHORIZATION

1	Authorization Application	a. Date Submitted: _____	b. Date Approved: _____
2	Eligibility	I hereby state that my firm is an eligible business and has satisfied all commitments, pursuant to the application for authorization, and that all qualified property claimed here is used <b>only</b> for such eligible activities. An attachment is included here to explain why my firm is eligible, if the reason differs from what is indicated in the application for authorization.	
	(initial)*		
3	Annual Average Employment as Existing in the Enterprise Zone at Authorization (from application): _____	Jobs	

### EXEMPTION ON QUALIFIED PROPERTY

4	Period of Exemption: _____ Years
5	Property Schedule (form 150-310-076)
	a. Attached? <input type="checkbox"/> Yes <input type="checkbox"/> No
	b. If line 5a is "Yes," is this the first property schedule filed with an exemption claim subject to this authorization? <input type="checkbox"/> Yes <input type="checkbox"/> No
6	Ongoing Exemption (answer only if either line 5a or line 5b is "No")
	a. List first year(s) and investment cost of any prior exemption subject to the same authorization: _____
	b. Status
	(initial)*
	I hereby attest that the ownership, leasing, location, disposition, operation, use, or occupancy of qualified property included in any such ongoing exemption is unchanged with respect to what was listed on the relevant, prior property schedule. Any change or exception to this statement is explained in an attachment to this form.

### EMPLOYMENT IN THE ENTERPRISE ZONE

7	Current Number of Employees (as of date with signature* below or on April 1, whichever is earlier): _____ Employees
8	Recent Employment Figures (not relevant if both line 5a and line 5b are "Yes")
	a. Annual average for previous calendar year: _____
	b. Number of employees reported on line 7 on previous exemption claim: _____
	c. Highest number of employees reported on line 7 in any prior exemption claim: _____
9	Previous Calendar Year's Average Annual Compensation for Additional Jobs (answer only if receiving 4- or 5-year extended abatement): \$ _____
10	Certification
	(initial)*
	I hereby confirm that the information entered above (lines 7-9) and in the "Special Requirements" section on page 2 of this form (as applicable) is accurate and it relates only to jobs held by full-time, year-round employees engaged primarily in eligible operations. I understand that my firm is responsible for maintaining records to verify such information, to be made available upon request by the zone sponsor or county assessor. Failure to produce verification may itself result in forfeiture of exemption. To avoid penalties, my firm needs to report substantial curtailment of employment during the period of exemption not later than July 1 following any year of noncompliance.

### DECLARATION\*

I declare under penalties of false swearing [ORS 305.990(4)] that I have examined this document and attachments, and to the best of my knowledge, they are true, correct, and complete. I have concluded that my firm satisfies the requirements of a qualified business and complies with all local, Oregon, and federal laws that are applicable to my business.

**MUST BE SIGNED BY AN OWNER, COMPANY EXECUTIVE, OR AUTHORIZED REPRESENTATIVE OF THE BUSINESS FIRM\***

Signature*	Date*
X	
Title (if not an owner or executive, attach letter attesting to appropriate contractual authority)	

## OREGON ENTERPRISE ZONE EXEMPTION CLAIM SPECIAL REQUIREMENTS

Check all items that apply to your firm's authorization application or pre-authorization consultation with the local zone manager. Refer to applicable statutes (ORS) for further information and include attachments if necessary.

- First-Source Hiring Agreement** is executed for the period of the exemption. (Note: if contact agency or zone manager report otherwise, then property in an attached property schedule does not qualify, except with waiver from Oregon Economic & Community Development director.)
- Employment of authorized business firm was moved into the enterprise zone from site(s) outside but within 30 miles of zone boundary after authorization. If so, fill in the following figures with the first and second exemption claim, based on employees at the site(s):
  - a. Annual average employment at authorization (see line 3 of this form): \_\_\_\_\_
  - b. Current number of employees (see line 7 of this form): \_\_\_\_\_
  - c. Previous year annual average employment (see line 8a of this form): \_\_\_\_\_
- Operations of firm (or commonly controlled firm) have closed or have been permanently curtailed and transferred into the enterprise zone from location in Oregon more than 30 miles from zone boundary, diminishing employment at that location. If so, explain timing and extent.
- Enterprise zone employment is combined with that of (100 percent) commonly owned firm/corporation(s). Attach signed statement.
- Local additional requirements are being satisfied. **Addendum** for enterprise zone sponsor is attached (as applicable), according to:
  - Policy and standards adopted by the sponsor of an urban enterprise zone.
  - Written agreement with the zone sponsor for an extended abatement of four or five years of exemption.
  - Local waiver of hiring requirements as provided by resolution(s) adopted by the zone sponsor.
- There is a local waiver of hiring requirements for which alternative employment level is met, and either:
  - The total cost of investment in qualified property does or will equal \$25 million or more; or
  - Productivity has or will rise by at least 10 percent and an amount equal to 25 percent of property tax savings has or will be dedicated to workforce training fund, subject to monitoring and determinations by the zone sponsor.

### ADDITIONAL INSTRUCTIONS

#### Filer/Taxpayer

This form allows your already authorized business firm to claim the three- to five-year exemption on newly invested qualified property that your firm owns or leases at the specified site in the enterprise zone for the current year. To receive a tax exemption, file your claim with the county assessor after January 1 and no later than April 1.

For the first year of any such exemption, qualified property must be listed on an *Enterprise Zone Property Schedule* form (150-310-076) and included with this claim.

If this exemption claim relates to any "primary or secondary industrial property" (ORS 307.126), it may be filed with the Oregon Department of Revenue within the time required and will be considered timely filed with the county assessor.

**Late filing of claim with property schedule:** A late claim may be filed with the county assessor after April 1 and on or before June 1. A late **filing fee** equal to the greater of \$200 or  $\frac{1}{10}$  of 1 percent of the real market value of listed property will be charged. After June 1 and on or before the following April 1, an exemption may be granted only for the remainder of the regular period (less the first year).

**Late filing of claim without property schedule:** A late claim may be filed with the county assessor after April 1 and on or before August 31. A late **filing fee** equal to the greater of \$200 or the following factor multiplied by the real market value of exempt property, respective to the corresponding filing date, will be charged:

Factor:	On or before:
0.0002 .....	May 1
0.0004 .....	May 31
0.0006 .....	June 30
0.0008 .....	July 30
0.0010 .....	August 29
0.0012 .....	August 31

Failure to file an exemption claim after any year of exemption by the due date or failure to pay the late filing fee may cause the remainder of the exemption period to be terminated.

#### Authorization

Refer to your relevant *Oregon Enterprise Zone Authorization Application* form (150-303-029) and *Authorization Approval* form (150-303-082). If

150-310-075 (Rev. 3-06) Web

your authorization became "inactive" due to failure to claim exemption or failure to furnish the statement of continuing interest every two years, then the initial exemption claim may not be accepted without a **filing fee** equal to the greater of \$200 or  $\frac{1}{10}$  of 1 percent of the real market value of qualified property.

#### Exemption on Qualified Property

Continuous period of exemption is three years in length, unless agreed to otherwise with the zone sponsor at authorization.

Property schedule is required to exempt property first placed in service from January 1 to December 31 of the immediate prior year. Property is "placed in service" once it is in use or occupancy, or is ready as such, for intended commercial purposes.

First years of different exemptions cannot cover more than:

1. Three successive years if line 5a is "no," or
2. Two previous successive years if line 5b is "no."

#### Employment in the Enterprise Zone

If property schedule is attached (line 5a is "yes"), then line 7 must be higher than line 3 by the greater of at least 10 percent or one job. (If this is not so, but employment since authorization did reach a high enough level, attach explanation about when this was true.)

After the first year of the (initial) exemption:

- Line 7 and line 8b must be at least 50 percent of line 8c;
- Line 7 (alone) must be at least 15 percent of line 8c; and
- **Line 8a must be 110 percent or higher than line 3.**

For most enterprise zones, line 9 needs to be 150 percent or higher than the county average annual wage at authorization, if applicable.

If the enterprise zone sponsor or the county assessor doubts the sufficiency and accuracy of job numbers, and reasonably requested corroboration is lacking, the exemption on otherwise qualified property may be denied for current and future years.

Noncompliance with the above employment requirements causes disqualification and the imposition of back taxes (but without additional penalty/interest, subject to timely notice).

Disqualification likewise results if verification is not provided within 60 days, following a formal request sent by or through the county assessor using registered or certified mail.

# OREGON ENTERPRISE ZONE PROPERTY SCHEDULE

For Qualified Property of a Qualified Business Firm Placed in Service  
at a Location in the Enterprise Zone

<b>DEPARTMENT OF REVENUE USE ONLY</b>
Date Received

**INSTRUCTIONS**

- This schedule must be attached to *Oregon Enterprise Zone Exemption Claim*, form 150-310-075, and both filed with the county assessor between January 1 and April 1. Send copy to local zone manager.
- Qualified property is property that is placed in service in the enterprise zone for the first time in the immediately previous calendar year (January 1 through December 31).
- Qualified property does not include land, on-site developments assessed as land, vehicles, rolling stock, non-inventory supplies, any property used in an ineligible activity, or property that does not serve to produce income.
- If an exemption is claimed for leased qualified property, every owner of leased property must complete page 4 for inclusion with this *Property Schedule*.
- "Placed in service" means that the property was in use or occupied or ready to be used or occupied for intended commercial purposes.
- Property must also be reported on the relevant state and/or county returns.
- Real property machinery and equipment or personal property may be new, used, or reconditioned, but it must be installed in the enterprise zone on property that is owned or leased by the qualified business firm claiming the exemption.
- Real property machinery and equipment or personal property must be newly procured, or if already owned or leased by the qualified business firm claiming the exemption, it must be newly transferred into the enterprise zone from outside the county where it is located when placed in service. Please attach a description of any such transfer and the method used to determine investment cost. In no event is any real property machinery and equipment or personal property exempt, if it was already inside the county and owned or leased by the same firm more than three months before the *Authorization Application*.
- All real property, whether owned or leased, must cost \$50,000 or more in total.

FOR ASSESSOR'S USE ONLY	
Date Received	Received By
Account Number	Code Area Number
Exemption Claim <input type="checkbox"/> Present <input type="checkbox"/> Missing	For Tax Year
Central/Prior Assessment, Other Notes	

**FILER/TAXPAYER**  
Filed for 20\_\_\_\_\_

Enterprise Zone or Rural Renewable Energy Development Zone (where business and property are located)		County (where business and property are located)	
Name of Business Firm		Telephone Number (     )	
Mailing Address	City	State	ZIP Code
Street Address of all Property (if different from above)	City	State	ZIP Code
Map and Tax Lot Number(s) of Site (may comprise adjacent multiple sites with proximity to each other comparable to a single site)			
Contact Person	Title	Telephone Number (     )	

Check here if this schedule accompanies an Exemption Claim filed after June 1, but on or before April 1 of the next year. If so, you understand that the first year of the exemption is forfeit, and that all stipulations for qualification in the claim form and this schedule must be satisfied as if these documents had been timely filed.

**DECLARATION FOR QUALIFIED BUSINESS FIRM**

I declare under penalties of false swearing [ORS 305.990(4)] that I have examined this document and all attachments, and to the best of my knowledge they are true, correct, and complete. I have concluded that my firm satisfies the requirements of a qualified business firm and complies with all local, Oregon, and federal laws that are applicable to my business. I understand that property will be disqualified and back taxes imposed if any requirement for its exemption is violated, including but not limited to, it is being used for an ineligible activity, or it is not continuously in use or occupancy for longer than 180 days at any time during the period of exemption. I understand actual use or occupancy in the enterprise zone must begin before July 1, within six months after the year property is placed in service.

**MUST BE SIGNED BY AN OWNER, COMPANY EXECUTIVE, OR AUTHORIZED REPRESENTATIVE OF THE BUSINESS FIRM**

Signature <b>X</b>	Date
Title (if not an owner or executive, attach letter attesting to appropriate contractual authority)	

Business Firm: \_\_\_\_\_

County: \_\_\_\_\_

**QUALIFIED PROPERTY CRITERIA / SPECIAL CASES**

- 1 Mandatory criteria for qualified property listed on this schedule. Check all that apply:
- Property is at the same location as shown in the *Authorization Application* proposed investment information section.
  - Any major new construction, additions, or modifications of a building or structure are included in the *Authorization Application*.
- In special cases, actual investments must be consistent with the descriptions shown in the *Authorization Application*. Please check if one of these applies:
- Property is a headquarters/centralized facility for statewide regional operation.
  - Rural Renewable Energy Development Zone project.
- 2 Is qualified property used in the ancillary operations of an authorized business operating a hotel, motel, or destination resort and located at the site? If yes, attach description of the qualified property, owned or leased, used primarily to service overnight guests.  Yes  No
- 3 Has enterprise zone been terminated? If yes, dated of termination: \_\_\_\_\_  Yes  No

**SUMMARY OF INVESTMENT COSTS OF QUALIFIED PROPERTY**

- 4 Qualified real property for which an exemption is claimed:
- a. Newly constructed buildings or structures (from #8 total) \$ \_\_\_\_\_
  - b. New additions to or modifications of existing buildings or structures (from #9 total) \$ \_\_\_\_\_
  - c. Newly installed real property machinery and equipment (from #10 total) \$ \_\_\_\_\_
  - d. **Subtotal:** Add lines 4a, 4b, and 4c. \$ \_\_\_\_\_
  - e. New modification to real property machinery or equipment greater or equal to \$50,000 (from #11 total) \$ \_\_\_\_\_
- 5 Items of qualified personal property:
- a. Each greater or equal to \$50,000 (from #12 total) \$ \_\_\_\_\_
  - b. Used in E-commerce in an approved designation or exclusively for tangible production, and each greater or equal to \$1,000 (from #13 total) \$ \_\_\_\_\_
- 6 Total of owned qualified property (add lines 4d, 4e, 5a, and 5b) \$ \_\_\_\_\_
- 7 Total of leased qualified property (add all TOTALS of leased qualified property from page 4(s)) \$ \_\_\_\_\_

**BUILDINGS AND STRUCTURES**

8 Newly constructed buildings or structures that you <u>own</u> .				
Description	Date site preparation began	Date foundation poured	Date placed in service	Construction cost, sales price, or equivalent
a.				\$
b.				\$
c.				\$
<b>TOTAL—add lines 8a to 8c</b>				<b>\$</b>

  

9 New additions to or modifications of existing buildings or structures (including leasehold improvements) that you <u>own</u> .			
Description	Date addition or modification began	Date placed in service	Cost of addition or modification
a.			\$
b.			\$
c.			\$
<b>TOTAL—add lines 9a to 9c</b>			<b>\$</b>

Identify any building or structure listed in sections 8 and 9 that is partially leased or occupied by another business or partially used for a separate, ineligible activity. Describe the circumstances and relative square footage. Attach additional sheet(s) if necessary.

Business Firm: \_\_\_\_\_

County: \_\_\_\_\_

**REAL PROPERTY MACHINERY AND EQUIPMENT**

*Item of property used in the business process or activity that is not readily movable due to weight or attachment to other real property. Does not include furniture, commercial fixtures, or structural components, such as building's standard wiring, plumbing, or HVAC.*

**10** List newly installed real property machinery or equipment that you own. List all newly installed machinery or equipment that you lease on page 4. Attach additional sheets if necessary.

Description of machinery or equipment (make, model, type, and/or "UCC" code)	Serial number	Date purchased	Date installation began	Date placed in service	Purchase price, cost, or equivalent
a.					\$
b.					\$
c.					\$
d.					\$
e.					\$
f. TOTAL FROM ATTACHED SHEET(s)					\$
TOTAL—add lines 10a to 10f					\$

**11** List real property machinery or equipment that you own that has been idle at authorization and for 18 months, and is modified (reconditioned, refurbished, upgraded, or retrofitted) at a cost of \$50,000 or more. List all modified machinery or equipment that you lease on page 4. Attach additional sheets if necessary.

Description of machinery or equipment (make, model, type, and/or "UCC" code)	Serial number	Date last used commercially	Date modification began	Date placed in service	Cost to upgrade, retrofit, recondition, or refurbish
a.					\$
b.					\$
c. TOTAL FROM ATTACHED SHEET(s)					\$
TOTAL—add lines 11a to 11c					\$

**PERSONAL PROPERTY**

*Item of property that is readily movable and is not attached or connected to a building, structure, or other real property. "Item of personal property" includes an integrated system consisting of various components that would normally be appraised and assessed as a unit. Does not include vehicles, motorized/operator-driven devices, rolling stock, or non-inventory supplies.*

- List newly installed personal property items that you own in either section 12 or section 13.
- List all newly installed personal property items that you lease on page 4.

**Personal Property—\$50,000 or more**

**12** Newly installed personal property items that each cost \$50,000 or more. Attach additional sheets if necessary.

Description (make, model, type, and/or "UCC" code)	Serial number	Date purchased	Date placed in service	Purchase price, cost, or equivalent
a.				\$
b.				\$
c.				\$
d.				\$
e.				\$
f. TOTAL FROM ATTACHED SHEET(s)				\$
TOTAL—add lines 12a to 12f				\$

**Personal Property—\$1,000 or more**

**13** Newly installed personal property items that each cost \$1,000 or more that are used in electronic commerce in an approved designation or exclusively in the production of tangible goods. Attach additional sheets if necessary.

Description (make, model, type, and/or "UCC" code)	Serial number	Date purchased	Date placed in service	Purchase price, cost, or equivalent
a.				\$
b.				\$
c.				\$
d.				\$
e.				\$
f. TOTAL FROM ATTACHED SHEET(s)				\$
TOTAL—add lines 13a to 13f				\$

## Enterprise Zone Leased Qualified Property

Review and return signed cover sheet with all attachments to business firm.

Owner/Lessor's Name	Title		
Organization	Telephone Number (      )		
Mailing Address	City	State	ZIP Code
Business Firm Claiming Enterprise Zone Exemption (lessee)		County	

### BUILDINGS AND STRUCTURES

Description	Date placed in service	Cost
a.		\$
b.		\$
<b>TOTAL—add lines a to b</b>		<b>\$</b>

### REAL PROPERTY MACHINERY AND EQUIPMENT

Description (include make, model year, type, and/or "UCC" code)	Serial number	Amount of lease/rent (indicate if monthly or yearly)	Lease term (from - to)	Date placed in service	Original cost or option to purchase (when and amount)
a.					\$
b.					\$
<b>TOTAL—add lines a to b</b>					<b>\$</b>

### PERSONAL PROPERTY

Description (include make, model year, type, and/or "UCC" code)	Serial number	Amount of lease/rent (indicate if monthly or yearly)	Lease term (from - to)	Date placed in service	Original cost or option to purchase (when and amount)
<b>Personal property items that each cost \$50,000 or more:</b>					
a.					\$
b.					\$
c.					\$
<b>TOTAL—add lines a to c</b>					<b>\$</b>

**Personal property items that each cost \$1,000 or more that are used in electronic commerce in an approved designation or exclusively in the production of tangible goods:**

a.					\$
b.					\$
c.					\$
<b>TOTAL—add lines a to c</b>					<b>\$</b>

**TOTAL OF ALL LEASED QUALIFIED PROPERTY—add all four totals above; copy to page 2, line 7**

**\$**

### DECLARATION FOR LEASED QUALIFIED PROPERTY BY LESSOR

*Attach additional pages as necessary for other lessors, along with copies of executed lease agreements.*

I declare under penalties of false swearing [ORS 305.990(4)] that I have examined this document and all attachments, and to the best of my knowledge, they are true, correct, and complete. I understand the exemption being claimed on property that is leased by me to the authorized business firm. The term of the lease agreement covers all tax years during which the property is expected to be exempt. Under that agreement the lessee is directly responsible for the entire amount of taxes due on any such property, either by compensating me or by being the taxpayer of record. I understand that as the owner (lessor) of the listed qualified property that I lease to the authorized business firm (lessee), I must acknowledge the exemption being claimed so that I may give timely notice on or before July 1 following a year in which noncompliance occurs in order to avoid penalties on back taxes.

**MUST BE SIGNED BY AN OWNER, COMPANY EXECUTIVE, OR AUTHORIZED REPRESENTATIVE OF THE LEASING COMPANY**

Signature <b>X</b>	Date
Title (if not an owner or executive, attach letter attesting to appropriate contractual authority)	



# OREGON ENTERPRISE ZONE AUTHORIZATION APPLICATION

• Complete form and submit to the local enterprise zone manager before breaking ground or beginning work at the site. • Please type or print neatly.

## APPLICANT

Enterprise Zone or Major Renewal Energy/Development Zone (where business firm and property will be located)		County	
Name of Business Firm		Telephone Number	
Mailing Address		City	State
Location of Property (street address if different from above)		City	State
Map and Tax Lot Number of Site		Contact Person	Title

My firm expects to first claim the standard property tax exemption in the following year(s): \_\_\_\_\_

Check here if your firm has or has had another exemption in this enterprise zone. Note the first year of such exemption: \_\_\_\_\_

Check here that your firm commits to renew this authorization application. Renew this application on or before April 1 every two calendar years.   
 Note the tax exemption on qualified property is claimed.

Check here if you are requesting an extended abatement of one or two additional years of exemption. This is subject to minimum average annual "compensation" for employees and written agreement with local zone sponsor. Sponsor may request additional requirements.

**Zone Manager Use Only (after written agreement but before authorizing firm):** Total Exemption Period:  14 or  15 Consecutive Years (check one)  
 County Average Annual Wage: \$ \_\_\_\_\_ For Year \_\_\_\_\_ Total Exemption Period: \_\_\_\_\_

### BUSINESS ELIGIBILITY

Eligible Activity—Check all activities that apply to proposed investment within the enterprise zone:

- Manufacturing  Fabrication  Bulk Printing  Shipping  Agricultural Production  Energy Generation
- Assembly  Processing  Software Publishing  Storage  Back-office Systems
- Other—describe the activities that provide goods, products, or services to other businesses (or to other operators of your firm): \_\_\_\_\_

Check here if your business firm does or will engage in ineligible activities within the enterprise zone (such as retail sales, health care, professional services, or construction). Describe below (or in an attachment) these activities and their physical separation from "eligible activities" checked above: \_\_\_\_\_

Special Cases—Check all that apply:

- Check here if a hotel, motel, or destination resort in an applicable enterprise zone \_\_\_\_\_ %.
- Check here if a retail/financial call center, indicate expected percent of customers in local calling area \_\_\_\_\_ %.
- Check here if a "headquarters" facility. (Zone sponsor must find that operations are statewide or regional in scope and locally significant.)
- Check here if an electronic commerce investment in an e-commerce enterprise zone. (This also provides for an income tax credit.)

Do not count temporary, seasonal, construction, FTE, part-time jobs (32 hours or less per week), or employees working at ineligible operations.

Existing Employment—My business firm's average employment in the zone over the past 12 months is \_\_\_\_\_ jobs.  
 New Employees—Hiring is expected to begin on (date or month and year): \_\_\_\_\_  
 • Hiring is expected to be completed by (month and year): \_\_\_\_\_  
 • Estimated total number of new employees to be hired with this investment is: \_\_\_\_\_

Commitments—By checking all boxes below, you agree to the following commitments as required by law for authorization:  
 By April 1 of the first year of exemption on the proposed investment in qualified property, I will increase existing employment within the zone by one new employee or by 10 percent, whichever is greater.  
 My firm will maintain at least the above minimum level as an annual average employment during the exemption period.

When the exemption claim is also filed by April 1 following each calendar year of exemption, total employment in the zone will not have shrunk by 65 percent at one time or by 50 percent twice in a row, compared to any previous year's figure.  
 My firm will comply with local additional requirements as contained in: (1) a written agreement for an extended agreement, (2) zone sponsor resolution(s) relating required employment increases, or (3) an urban enterprise zone's adopted policy, if applicable.  
 My firm will verify compliance with these commitments, as requested by the local zone sponsor, the county assessor or their representative, or as directed by state forms or administrative rules.

My firm will enter into a first-source hiring agreement before hiring new eligible employees. (This mandatory agreement entails an obligation to consider referrals from local job training providers for eligible job openings within the zone during at least the exemption period.)

- All property needs to be new, meaning it was not used or occupied in the zone more than one year before exemption begins.
- Machinery and equipment must be newly acquired or newly transferred from outside of the county (except for major retrofit or re-basement of real property idle for 18 months).
- Any of all property may be leased from any party; if your firm (the lessee) is obligated to pay the property taxes.
- All real property—buildings, structures, and heavy/attached machinery and equipment—leased on the exemption claim property schedule must cost \$50,000 or more in total equipment is readily movable and must be used in the enterprise zone.
- Qualifies based on purchase cost minimum. An ineligible system consisting of these components may be treated as a single item for these purposes.
- Land vehicles, motorized/self-propelled devices, mining stock, non-inventory supplies, and idle or ineligibly used property do not qualify.

### APPLICABLE PROPERTY TAX RETURNS MUST STILL BE FILED ANNUALLY

Please complete the following worksheets either before or during the pre-authorization consultation with the local zone manager

#### Employment Worksheet

Use this worksheet to determine your business firm's annual average employment over the 12 months preceding the date on which you submit the authorization application, and as required during the period of the enterprise zone exemption:

1. Identify those employees or positions within the zone that are: (a) working a majority of their time in "eligible" activities or in an 82-hour pay period; (b) paid on average for more than 13 hours per week; (c) not employed solely to construct property; (d) nonseasonal; and (e) not temporary—prohibited leased or contracted for less than one year or on an as-needed/ad hoc basis. Don't use "full-time equivalent" (FTE).
2. Determine the number of the above employees at the end of each pay period, calendar month, or quarter over the prior 12 months.
3. Total the number of employees from each period and divide this sum by the number of periods. If not using months, include a suitable attachment in place of the following with your application:

$$\begin{aligned}
 & \frac{(1) + (2) + (3) + (4) + (5) + (6) + (7) + (8) + (9) + (10) + (11) + (12)}{12} = \text{Average Annual Existing Jobs} \\
 & \times 1.1 = \text{Average Annual Existing Jobs*} \\
 & \times 11 = \text{Five or more multiply by 1.1, as follows:} \\
 & \text{Less than five, add one, as follows:} \\
 & \text{---} + 1 = \text{---}
 \end{aligned}$$

5. Round the total from #4 or #5 to the nearest whole number. (For example, 23.8 becomes 24 and 25.5 becomes 26.) Your rounded figure is the level of employment required by April 1 of the first year of exemption.  
 For purposes of compliance, repeat steps 1-3 and 5 above for each year that qualified property is exempt.

#### Special Issues Worksheet

This worksheet is simply a checklist to guide you through certain issues that may need to be addressed as soon as possible. Check if the answer is "yes" or "maybe."

- Will the requisite increase of enterprise zone employment be difficult to achieve? In any case, work out verification options with local zone manager. Copies of unemployment business papers or other records should be kept on file to assure managers and assessors.
- If the number of jobs will likely not grow by 10 percent, do you want local waiver resolution adopted by zone sponsor with authorization? Waiver resolution if investment costs \$25 million or more, or with 10 percent rise in productivity combined with workforce training fund.
- Do you anticipate any January 1 work-in-progress property? File by April 1 with the county assessor's office using the Application for Construction—Process Enterprise Zone Exemption form (150-310-021). (Not available for centrally assessed/utility property.)
- Are you interested in publicly owned and otherwise available real estate that might exist in the zone and that an authorized business firm generally has a right to buy or lease if promptly developed for authorized use?
- Would you like to know about local incentives that city/county sponsor may offer unrelated businesses, such as fee waiver, regulatory exemption, and so forth?
- Will a qualified building be partially occupied by another business/tenant or used for ineligible operations? In such cases, work with the local zone manager to determine the units or proportion of space for the assessor to exempt.
- Would you like your enterprise zone employment to be combined with the job figure for (100 percent) commonly owned firm/corporation(s)? If so, attach a statement with the name of the other parent corporation to determine if such subsidiaries of the same parent corporation are treated as distinct business firms within an enterprise zone.
- Is investment pending the site inclusion in the zone? This application may be approved under such conditions, but make arrangements with the local zone manager to ensure that site work does not begin until or after the effective date of the boundary change. (Same applies to designation of a new enterprise zone.)
- Is the enterprise zone terminated? This normally precludes authorization or qualification, but an already authorized/qualified firm can "grandfather" and may be authorized up to 10 years after the termination of the zone.