



ENTERPRISE ZONES IN OREGON:
STANDARD EXEMPTION ON
QUALIFIED PROPERTY

9th Edition, October 2024

Contents

Introduction and Summary of Benefits	1
Local and Statewide Contacts	1
Timing, Process and Forms	3
Property to Be Exempted	6
Business Eligibility.....	7
Employment to Qualify	8
Other Hiring Obligations.....	10
Extended Abatement.....	11
Disqualification.....	12
Background about Zones and Related Programs.....	13

Introduction and Summary of Benefits

Cities, ports, counties and Indian Tribes across Oregon have created enterprise zones to foster employment opportunities, development and local competitiveness.

Since 1986, enterprise zones have spurred thousands of business investments for the benefit of communities across the state, aiding in the creation of tens of thousands of new jobs, as well as retention of existing employees and orders for Oregon suppliers and vendors. The great majority of companies utilizing the tax abatement already exist in the zone, but many are new. They come in all sizes and represent diverse industries, services and stages of production.

Eligible businesses that invest, qualify and operate in an Oregon enterprise zone receive several kinds of benefits as part of the standard program, subject to local authorization and timely filings:

- **Basic**—100% (total) exemption from the property taxes normally assessed on significant new plant and equipment. Exemption lasts for three years after property has been placed in service. (See figure below)
- **Extended abatement**—the basic exemption period can be lengthened to four or five consecutive years in total through agreement with the zone sponsor. (See figure below)
- **Construction-in-Process (CiP)**—before qualified property is placed in service, it may be exempt for up to two years, while construction, installations and so forth are still underway as of January 1.
- **Local incentives**—many local sponsoring governments have established a package of benefits specific to zone businesses, such as regulatory flexibility/priority, enhanced public services, and waivers, credits or reductions in certain fees or charges.
- **Publicly owned real estate**—enterprise zone businesses have the right to lease or purchase land or buildings in the zone that are owned by a state agency or municipality, suitably zoned, and otherwise available, if promptly developed for authorized use.

For further assistance or information, please explore links and webpages for local and statewide resources, such as [BUSINESS OREGON • HOME • STATE OF OREGON](#), and especially, [BUSINESS OREGON • PROGRAMS • ENTERPRISE ZONES • STATE OF OREGON](#); there on the right side is the link to the Standard Enterprise Zone webpage, and one can learn about each zone's contacts and other details at Enterprise Zone Map.

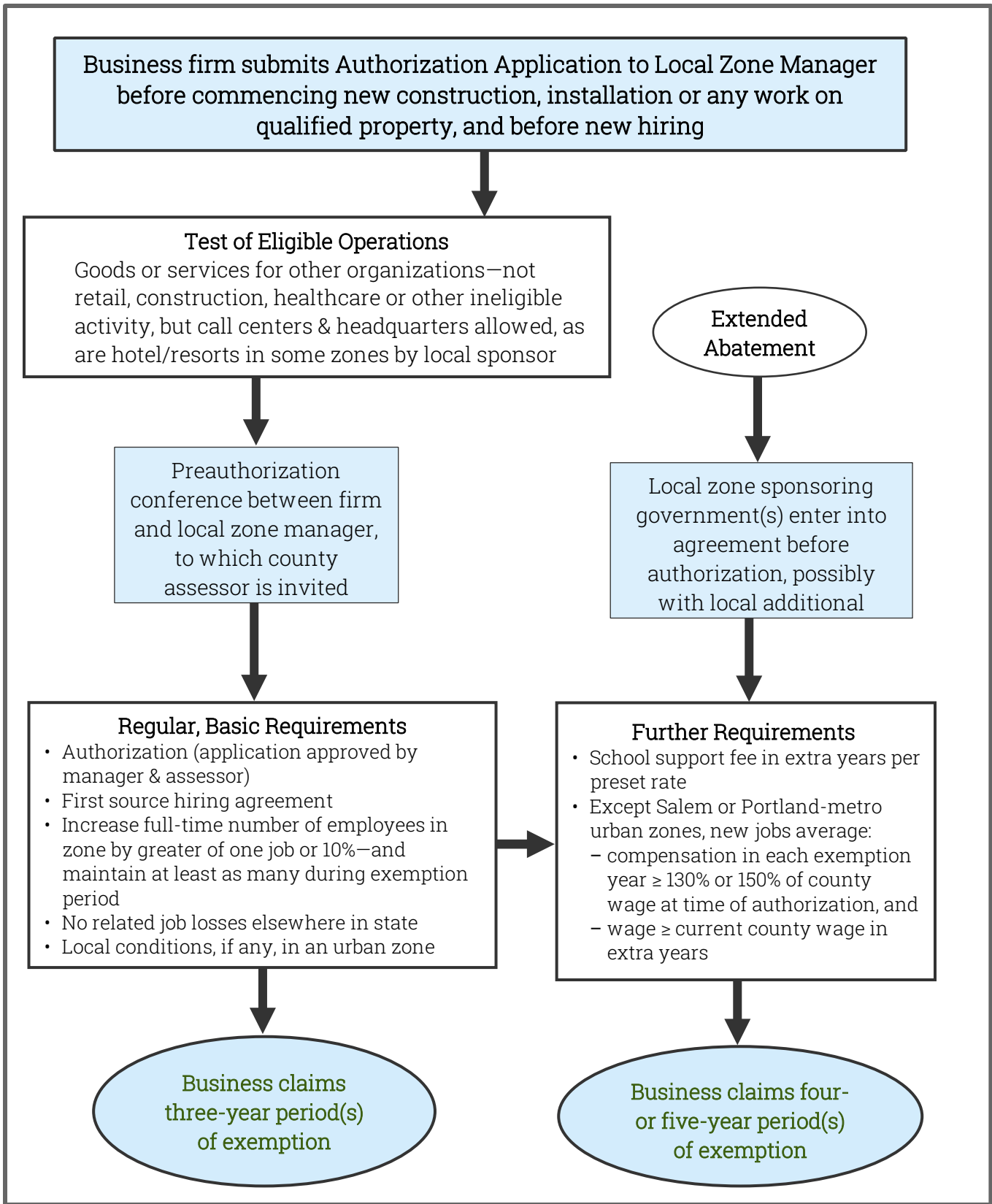
Local and Statewide Contacts

Local Zone Managers

Appointed by local governments that sponsor the enterprise zone, the zone manager is a business's principal resource in seeking to invest in the zone. The zone manager assists with issues of the zone boundary, business eligibility, requirements, connecting to first-source contact agency, and special zone sponsor approvals, as well as efforts to promote the zone.

County Assessors

Often a locally elected official, the assessor oversees property valuation and assessment for the imposition of annual ad valorem taxes, often serving as the county's tax collector, too. For the standard exemption, the county assessor's office performs critical duties, such as co-authorizing



Primary Procedures

businesses, processing claim forms filed by authorized or qualified businesses, and implementing specific property criteria and disqualification in the event of noncompliance.

Contact Agencies—First-Source Agreements

For the standard exemption (and other economic development programs) a business obtains a first source hiring agreement through the “contact agency”—local office of the Oregon Employment Department – see [WORKSOURCE OREGON - HOME](#). The business agrees to share announcements of job openings and to consider qualified referrals from local publicly funded job training providers

Business Oregon

Besides technical assistance with enterprise zones and other incentives programs, the agency’s regional development officers are an important source of general assistance for businesses’ investing and growing in Oregon – see [BUSINESS OREGON • REGIONAL SERVICE AREAS • REGIONS • STATE OF OREGON](#).

Oregon Department of Revenue (DOR)

Program representation is with the Property Tax Division. It issues and maintains the forms and instructions used by enterprise zone businesses. It appraises many of the properties in the zones – see [OREGON DEPARTMENT OF REVENUE • WELCOME PAGE • PROPERTY TAX • STATE OF OREGON](#).

Timing, Process and Forms

The forms and steps for an enterprise zone exemption relate to legal provisions and the annual cycle of property assessment. (See figure below)

- **Application** for authorization is filled out and submitted by a business firm to the zone manager **before** new hiring or beginning any project investment/site work, including land development or preparations leading directly to construction, as well as efforts to install machinery & equipment. In this way, correct knowledge of the enterprise zone can have influenced the decision to invest. The zone sponsor may charge an authorization fee up to \$200 or 0.1% of estimated investment costs. A renewal statement is submitted by April 1 after every two calendar years, in order to keep an unused authorization “active.”
- **First source hiring agreement** is entered into prior to new hiring (but not necessarily until after authorization) and must cover the entire exemption period.
- **Construction-in-Process (CiP)** is an up to two-year exemption on non-utility property that is neither in use or occupancy nor placed in service. The county assessor must receive a form absolutely no later than April 1 of each year. There are two options:
 - The enterprise zone version of CiP will cover the same property that is expected to qualify for standard exemption when operational, provided that the business is actually authorized and is not operated as a hotel – see DOR FORM OR-AP-CIPEZ, APPLICATION FOR CONSTRUCTION-IN-PROCESS ENTERPRISE ZONE EXEMPTION.
 - Regular CiP is available statewide for real-property improvements primarily of manufacturers – see DOR Form OR-AP-CACFC, Application for Cancellation of Assessment on Commercial Facilities Under Construction.

Scenario of Eligible Enterprise Zone Business Firm
(Construction takes place over a single January 1, followed by basic, three-year exemption period)

Oregon Department of Revenue Forms

Year	Authorization Application to zone manager Extended abatement considered / Preauthorization Conference (mandatory)	←	OR-EZ-AUTH
Project/site work may commence	Manager & assessor approve application – firm is authorized – Construction gets underway –	←	Using #150-303-029
– January 1 –	Partially completed – property not in service		
April 1	Construction-in-process—county assessor –Deadline (no exception or recourse)	←	OR-EZ-CIPEZ
New Hiring Begins	<ul style="list-style-type: none"> • Mandatory first source hiring agreement with contact agency (Worksource Oregon) • Equipment installed • Hiring/training in full swing • Project physically completed • Property placed in service 		
– January 1 –	First year of standard exemption		
April 1	<ul style="list-style-type: none"> • High enough employee number achieved • Claim Form—filed with county assessor and copy zone manager, incl. Property Schedule –Deadline	←	OR-EZ-EXCLM & OR-EZ-PS
July 1	Corresponding (first) tax year begins—property needs to have been in actual in use or occupancy, not merely in service (ready)		
– January 1 –	Second year of standard exemption*		
April 1	Claim Form—filed with county assessor and copy zone manager** –Deadline	←	OR-EZ-EXCLM
July 1	Corresponding tax year begins		
– January 1 –	Third year of standard exemption*		
April 1	Claim Form—filed with county assessor and copy zone manager** –Deadline	←	OR-EZ-EXCLM
July 1	Corresponding tax year begins		
– January 1 –	Conclusion of standard exemption period*		
April 1	(Final) Claim Form—filed with county assessor and copy zone manager –Deadline	←	OR-EZ-EXCLM
July 1	Tax year begins with assessed value of qualified property included with other property		

* Qualified business firm must maintain requirements during previous calendar-based assessment year, including a sufficient annual average number of employees within the enterprise zone.

** Qualified business firm may repeat first-year step of including a Property Schedule in one or both of the next two years for additional qualified property placed in service during the preceding year under the same authorization. Such property then begins its own exemption period.

Representative Timeline

(See under **Enterprise Zone** at [OREGON DEPARTMENT OF REVENUE • FORMS AND PUBLICATIONS LIBRARY • STATE OF OREGON](#))

- **Exemption Claim** is filed with the county assessor, and copied to the local zone manager, after January 1 but on or before April 1, in order to start the exemption and then after every year of exemption:

- The first filing includes the **Property Schedule** listing in detail all of the qualified property on which tax exemption is sought:
 - This is for property placed in service— i.e., in use or occupancy or otherwise physically ready for specifically intended commercial operations— during the immediately prior year for the very first time inside the enterprise zone.
 - If filed late but on or before June 1, a late filing fee equal to the greater of \$200 or 0.1% of current investment cost is charged. (This same fee is also collected in the case where an authorization had become inactive)
 - This initial filing may even be a year late, between January 1 and April 1, but the first exemption year is forfeit.

Construction prior to eligible business

A special law allows re/development of real estate to proceed (e.g., on speculation), or to have already occurred (after the zone was created), so that an eligible business can still receive enterprise zone benefits on a newly re/constructed building or structure. The eligible business – which must be **unrelated** to the current owner or developer – applies for authorization after first leasing or buying all or part of the building or structure. The executed lease or purchase document is attached to the application, which needs to be actually approved before use or occupancy of the building or space.

- For the next three to five years, in order to maintain the exemption, the claim form is then filed at least by itself, always copying the zone manager. The late filing fee escalates the later that these filings are made until the very latest date allowed each year, which is August 31.
- A Property Schedule can be included with the next two claim forms to begin a second or third exemption on additional property placed in service in the preceding year.

- **Relationship of authorization** to qualified property that can be exempt:
 - Project/property information entered on an authorization application, including estimated costs and dates, are not binding and may encompass very large, complex or extended projects.
 - A single authorization for a given location can allow for up to three separate exemption periods beginning in as many as three successive years per Property Schedule for property placed in service during previous year.
 - Nevertheless, in order for respective property to qualify, the following needs to be indicated or represented in the authorization application:
 - general location of the property,
 - any major structure, and

- each basic type of property, namely, new construction, additions or modifications to an existing building/structure, real property machinery & equipment, or personal property.
- Until December 31 preceding the initial first exemption year, information or descriptions in the application may be amended in writing to the local zone manager and county assessor, either to revise critical representations as noted above or to advise generally about changes in plans.
- Additional authorizations, with timely application, are allowed and required in order to qualify for exemptions on property:
 - at a different location inside the (same) enterprise zone, or
 - with investments beyond three successive years.

Property to Be Exempted

In Oregon, all tangible business property, except inventory and registered vehicles, is assessed for taxation. Total local levies averaged 1.74 percent of assessed value in 2023.

In addition to the above points about the property's relation to the authorization application, three sets of issues determine what business property qualifies in the zone:

Fundamental factors

- Located inside the enterprise zone boundary.
- Not assessed in the county or located in the zone before the zone existed.
- Improved, modified or installed in the furtherance of the production of income.
- Not used in ineligible activities such as retail.
- Owned or leased by an authorized business firm.
- Installed/located on property that the authorized business likewise owns or leases.
- In use or occupancy by July 1 of first year and not afterwards idle for more than 180 days.

Property needs to be new

- Contained in the Property Schedule of an Exemption Claim filed directly after the year that the property is first placed in service in the zone.
- Not used/occupied inside the enterprise zone more than one year before the first exemption year (starting January 1).
- Any machinery & equipment or personal property must be newly acquired (purchased or leased) or newly transferred into the zone from outside the county—that is, it cannot be both in effective possession of the authorized business and inside the county prior to:
 - Six months preceding the date of application for authorization, or
 - January 1 of the year preceding the first exemption year ..., whichever is earlier.
- Exemption is only on the increase, if any, in assessed value that results from additions to or modifications of existing property.

Particular characteristics of property

- Investment cost must be \$50,000 or more **in total** for all of the real property in any Property Schedule, which includes:
 - newly constructed buildings or structures,
 - new additions or modifications to an existing building/structure, and
 - heavy/affixed machinery & equipment.
- Every **item** of personal property—readily movable and not affixed to real property—must each cost:
 - \$50,000 or more, or
 - \$1,000 or more and be used exclusively in tangible production or for electronic commerce in an electronic commerce enterprise zone.
- Land, rolling stock, vehicles, motorized-driven devices, and non-inventory supplies, do not qualify

Business Eligibility

Enterprise zone policy focuses on business operations that do not compete significantly within the local economy and, therefore, will bring new income to the community. The business also needs to be a private, for-profit company (or a People's Utility District). The fundamental function of authorization is to ascertain such eligibility upfront.

Eligible Business Operations

Eligible businesses provide goods, products or services to other businesses or organizations or to separate operations within the business itself. This includes not only conventional manufacturing and industrial activities, but also processing plants, distribution centers, warehouses, and operations that handle bulk clerical, back-office tasks or data processing.

Regardless of being performed for other businesses, the following and similar activities are ineligible: health care, entertainment, finance, professional services, childcare, housing, property management, construction, and of course, retailing any goods or service.

Eligible Activities Distinct from Ineligible Ones

A business engaged in an ineligible activity, like a retail store, may nevertheless be eligible, if the business's eligible operations are separate from any ineligible activity (even if under the same roof).

Employees are counted only insofar as they are engaged a majority of their time in eligible operations, or if they are predominantly concerned with direct administration or support for such operations. In addition, only property used solely in eligible activities can be exempted.

Affiliated Business Enterprises

Similarly, employees and qualified property of other, even commonly controlled corporate entities or affiliates are normally ignored. Subsidiaries or other entities that have entirely the same ownership may choose, however, to be treated as a single eligible business through written notice with or before the first-initial Exemption Claim.

Special Exceptions

Certain provisions in the law further expand business eligibility among traded-sector services:

- Hotel, motel and destination resorts—in most but not all enterprise zones depending on choice of city and county (co)sponsors at the time of zone designation. This also covers commonly owned ancillary operations (amenities) used 50% or more by overnight guests.
- Headquarters—administrative, design, engineering, research, or other centralized facilities serving company operations (not customers) over a statewide or larger region, for which:
 - local zone manager formally attests to facility’s local significance and the broadly regional scope of its activities,
 - jobs are counted only with respect to the facility, not zone-wide, and
 - completed facility must be consistent with the description of proposed property in the authorization application.
- Call centers—handling retail, financial or other types of orders and inquiries including through e-mail or the Internet, provided that not more than 10% of the customer base is in the local calling area.
- Electronic commerce—operations in which transactions are undertaken primarily via the Internet inside one of up to 15 designated electronic commerce enterprise zones. Such operations might be eligible normally or by virtue of the two exceptions above. An e-commerce designation does offer even broader eligibility for businesses that provide services to other businesses in undertaking electronic commerce in the e-commerce zone, as well as local retail fulfillment centers, which are otherwise ineligible in any other enterprise zone.

Employment to Qualify

Oregon’s enterprise zones are intended to generate new job creation in the local area.

Employees Who Are Counted

- Persons working full-time—i.e., employed more than 32 hours per week in general (do **not** use full-time-equivalent or any other method that counts part-time jobs).
- Permanent/year-round positions, and thus not anyone hired temporarily, seasonally, or solely to construct or install qualified property.
- Employees working mostly in relation to a work site (anywhere) inside the zone.
- Jobs that primarily perform or support eligible operations/activities (e.g., not retail).
- Not necessarily on the business’s payroll for withholding taxes. In other words, individual employees might be contracted for or leased by the business, or they may be compensated through a third-party payroll entity, but people employed by a vendor or contractor company even if working onsite are not counted.

Increase by First Year of Initial Exemption (gateway requirement)

- An authorized business must increase the number of its employees within the enterprise zone by the **greater of one person or 10%**.

- This increase is compared to the annual average number of employees over the 12 months before submission of the authorization application.
- Reaching 110% or more of that existing number must occur after the application but no later than the date of filing the first–initial Exemption Claim, as due by April 1. If the number of employees is not high enough on that first filing date/April 1, but employment did reach a high enough level, then the filing needs to document when that was.

Ongoing Minimum Employment Level (maintenance requirements)

- For each assessment (calendar) year of the exemption period, the business firm’s annual average number of employees must likewise be at least 110% of (and one job more than) the firm’s existing annual average number from the application.
- As reported at the start of each year – and after the last year – of the exemption period, the total number of employees on that date cannot have fallen by 85%, or by 50% over two successive Exemption Claims, relative to the highest level for the total number of firm employees on any previous claim form.
- Noncompliance with one or both of the above constitutes **substantial curtailment**.

Local Waiver of Employment Requirements inside the Zone

The governments that sponsor the enterprise zone may waive the required increase in the number of employees inside the zone, as discussed above, by adopting resolution(s) before authorization that establish an alternative minimum employment level and possibly other local conditions.

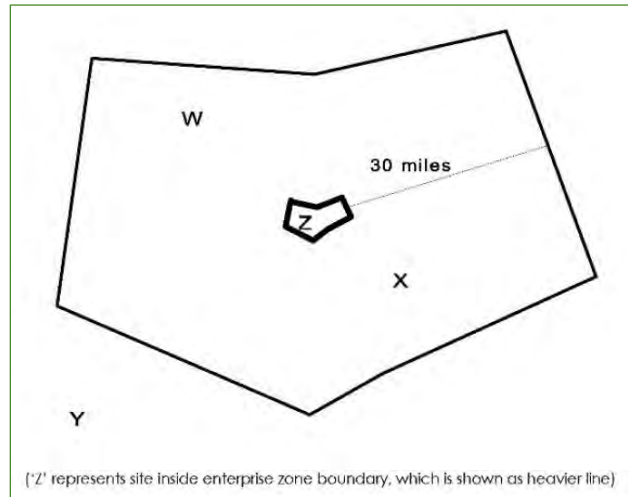
The business must then also satisfy either of two sets of criteria under state law:

- Total cost of investment in qualified property is \$25 million or more, in which case the business’s employment may even be permitted to decrease, or
- All of the following:
 - Productivity at the facility increases by 10% within 18 months of starting exemption, according to measures described in the resolution.
 - An amount equal to 25% of its property tax savings is dedicated to workforce training, including internal use up to \$3,500 per employee.
 - No net drop in the enterprise zone employment of the business.

Relocating Into the Zone

Statutes restrict qualification in one of two ways for the case where jobs relocate into an enterprise zone from elsewhere in Oregon. (See figure) This restriction pertains to the transfer of operations that occurs **only** between the date of authorization (local approval) and December 31 at end of an exemption period's first year:

- Beyond 30 Miles—A business (or commonly
- controlled firm) transferring jobs or operations from site Y to site Z cannot qualify in the zone, if any type of operation permanently closes or curtails and diminishes employment relative to the general workforce at site Y
- Within 30 Miles—If eligible operations move from site X to Z, then by the first claim filing/April 1, and on average (only) during exemption's first year, the number of employees within the zone – plus those at site X – needs to equal or exceed 110% of their combined annual average number from the 12 months preceding the application. (If employees are moved into the zone also from site W, they too are part of combined employee number.)



Other Hiring Obligations

First Source Agreement

Statutorily, there must be a first source hiring agreement in effect throughout the standard enterprise zone exemption period. As noted above, the business executes the agreement with the contact agency for local publicly funded job training providers, which should occur pursuant to authorization and before filling new jobs.

The terms of the agreement do not stipulate the actual hiring of anybody. Rather, the business agrees to simply notify the contact agency of all relevant job openings in the enterprise zone, as part of other efforts to find and recruit employees, and to consider resulting referrals of qualified job applicants from the training providers.

The local zone manager informs the contact agency of a newly authorized business and directs all such firms to the contact agency. By April 1 of the first year of exemption, the zone sponsor or contact agency shall let the county assessor know if the business has not executed the agreement.

Special Urban Conditions

In an **urban** enterprise zone, the authorization needs to address the imposition of any additional local condition. An urban-zone sponsor is allowed to adopt a policy and standards for such conditions as imposed with any exemption period, even if only three years in length.

The conditions must be established before the application is made and should relate to employment. In authorizing the business, the manager of an urban zone will document applicable standards and what an eligible business must commit to do.

Extended Abatement

To lengthen a basic enterprise zone exemption period to four or five consecutive years in total, there are three key elements, none of which jeopardize receipt of an exemption's first three years. Nevertheless, failure by a business firm to satisfy employment or any other standard requirement during either of the extra two years can affect qualification for the entire exemption period.

New-Employee Compensation and Wages

Employees of the firm, whose job or position is first created inside the enterprise zone between the submission date of the authorization application and December 31 of the first exemption year, need to meet two requirements (except in a Salem or Portland-area urban zone), such that their:

- Annual wages on average, in the extra one/two years, must equal or exceed the then most recently available final annual wage for the county in which qualified property is located.
- Average annual compensation, during all four or five years, must be at least 130% or 150% of a previously established county wage:
 - County wage level is set at the time of authorization (approval) and typically will not change; if the zone is located in two counties, the higher county wage is used.
 - Employee compensation includes not only wages and other taxable income but also financial or fringe benefits, such as health insurance or pensions, that the employees receive (but excluding mandatory expenses like workers' compensation or payroll taxes).
 - Minimum is 130% of wage level, if at the time of the written agreement, the zone is at least partly inside a qualified rural county—not part of federally designated metropolitan statistical area and general property tax rate of 1.3 percent or greater.

Written Agreement

- An eligible business firm seeking an extended abatement must execute a written agreement with the zone sponsor (local government or governments).
- This agreement may be finalized no later than when the application for authorization is locally approved—i.e., executed on or before the date on which the firm is authorized.
- It needs to confirm:
 - whether extension is for one or two extra years of tax abatement,
 - above wage and compensation requirements, if applicable, and
 - obligation to pay school support fee at preset rate.
- The agreement may also specify additional requirements that are reasonably (and jointly) requested by the local sponsoring government(s).
- Each cosponsor may effect requisite formal approval of the written agreement through any number of suitable means depending on the local government.
- Before the agreement officially takes effect, a local sponsoring government needs to post the terms of the agreement online for 21 days, with certain information subject to redaction.

For additional information see sample agreement and other Resources at the web page.

School Support Fee

In order to enter into an agreement with a business for four or five-year periods of tax abatement, the zone sponsor needs to have already established a rate for a fee to be paid by the business to the local K-12 school district, in which qualified property is located. Zone sponsors would set this rate with the district at 15% to 30%, either as part of the zone's re-/designation or as otherwise allowed by 2027, under chapter 298, Oregon Laws 2023. In addition:

- Fee amount is based on the qualified business firm's total property tax savings on exempt property at that location (not just the district's forgone taxes).
- Fee payment is a requirement only in the 4th and 5th exemption years.
- The agreement may contain other details, such as late-payment guidelines.
- In applicable years, the zone sponsor shall give the school district information for it to collect the fee, for which the district will notify the business by December 1.
- Payment of the school support fee is due on December 31.

If payment is not made, the school district may give notice to the county assessor to have any unpaid amount added to the tax roll and for the property tax abatement to be terminated going forward. Fees collected by the district are deemed local revenue, which reduces the amount that the district might otherwise receive from the State School Fund.

Disqualification

A qualified business loses its standard enterprise zone exemption if not adhering to requirements during the exemption period, with retroactive payment of back taxes (though not those of CiP).

Causes and Implications

- General disqualification of all property essentially relates to a business firm that has ceased operations, closed or experienced substantial curtailment in the number of its employees.
- Locally established requirements may have the same effect.
- Requirements pertaining only to an extended abatement do not affect the basic (first) three years of exemption.
- Disqualification is limited only to affected property for noncompliance that is specific to that property, such as when it is used for ineligible activity, removed from the enterprise zone, or idled over 180 straight days without operation for commercial purposes.

Penalties and Provisions

- No true penalty is normally imposed—in that the back taxes on exempt property are simply collected with the next tax roll without interest.
- Such treatment depends, however, on the business (or property owner/lessor) having notified the assessor and zone sponsor no later than July 1 after the year in which noncompliance occurred.
- Failure to give such timely notice—which may be accomplished as part of a properly filed Exemption Claim—is penalized by surcharging 20% on top of the back taxes due.

- Also with timely notice, only a single year's tax savings might be lost – and full disqualification avoided – for a one-time instance of **substantial curtailment** (or not satisfying a local additional requirement). This is allowed if no later than August 31, the qualified business firm pays an amount equal to the preceding year's tax savings. Payment is made to the zone sponsor, which is to use the moneys for the benefit of the zone or its residents. If noncompliance continues into another year, or if there is another such event, then the business is disqualified, but back taxes are reduced by the prior payment.
- The exemption may continue on property moved within the enterprise zone, even if sold or leased to another eligible business, if it continues to be used for eligible activities without a net adverse effect on zone employment.

Background about Zones and Related Programs

The originating Legislative Act in 1985 provided for 30 zones, each to last 10 years. Oregon's Governor designated those from 1986 to 1989. In 1993, the director of what is now Business Oregon began designating enterprise zones, and seven additional zones were allowed, followed by 10 more in 1999 and 2005, and eight in 2012. These were in addition to designations based on a federal enterprise zone or on Tribal authority. In 2015, the Oregon Legislature lifted the statewide cap on total enterprise zones for local governments and vested the power to designate them with the local zone sponsor.

The **sponsor** of an enterprise zone consists of the city, port, county or Tribe, or a combination of two or more such governments that designated the zone or joined through subsequent boundary amendments. In general, the sponsor must comprise all jurisdictions that have any territory inside the zone. Many zones have a single sponsoring government, but any variety of multiple cosponsors is possible; two cities plus the county is common. Sponsorship involves both duties and opportunities, but sponsoring governments must act jointly in running the zone (possibly through a formal "association" of local representatives).

Though subject to local control, designation of an enterprise zone must still satisfy statutory criteria including a measure of local economic hardship, consultations with other local taxing districts, and data and documentation to delineate and map the zone boundary. Comparable criteria govern boundary changes.

Oregon enterprise zones are categorized **urban or rural** depending on whether they are located inside or outside the urban growth boundary (UGB) surrounding the principal city or cities at the core of a federally designated metropolitan statistical area, or MSA, including any jointly determined, regional UGB. Reservation enterprise zones are rural zones designated by a Tribal government on Tribal land.

Enterprise zones in Oregon come in many shapes and sizes sometimes encompassing all of the local land that an eligible business might use, if not the entire city. They are rarely contiguous. For most zones, the maximally permissible distance between any two points is 25 lineal miles, and no more than 15 lineal miles between separate areas. For any urban zone (or rural zone in one of six more densely populated counties), 12 miles (15 miles) and 5 miles are the respective maximum distances. Twelve or fifteen square miles is the maximum total area allowed.

Zone Termination

At the request of the local zone sponsor or for other reasons, an enterprise zone is terminated for at least 10 years. Otherwise, a zone terminates by law on June 30 within 11 years after re-/designation. A sponsor of a zone that “sun-sets” may redesignate the zone subject to statutory requirements. All non-tribal enterprise zones terminate on the programmatic sunset date of June 30, 2032.

Ongoing exemptions are unaffected by termination of the enterprise zone. For the standard exemption, an approved authorization may remain valid for purposes of filing an initial Exemption Claim through the end of the third full year following termination. Except for programmatic sunset, applications received before termination may be approved afterwards.

Moreover, in the case of businesses actually authorized or qualified at the time of termination, they may apply for authorization up to 10 years after the date of termination—and may then receive an exemption on further investments—provided that any work on new qualified property (e.g., construction) commences before the end of the last tax year of the business’s final exemption.

Rural Renewable Energy Development Zone (RREDZ)

This is a special designation of an entire city, county or contiguous counties. A RREDZ operates generally like an enterprise zone for purposes of (only) the standard exemption—and only on facilities related to the generation of electricity from a renewable energy resource, such as wind, solar or geothermal power, or the production, distribution or storage of biofuels. Per RREDZ designation, there is a total, cumulative project value allowed for exemptions, which is set by the local sponsor at designation at as much as \$250 million, subject to the zone’s re-designation.

Long-term Rural Facilities

In most rural enterprise zones—if also inside a county that meets chronic economic measures or criteria for being a qualified rural county—new property at an entire facility can have its property taxes 100% abated during construction and then for 7 to 15 years, subject to resolutions adopted by the county and any city, as well as entering into an agreement between the business and zone sponsor prior to local certification of the business. Facility operations of any type are eligible, except for a local retail fulfillment center.

This program’s local written agreement must likewise stipulate the rate for a school support fee to be paid in the sixth and later years of the exemption period. The facility needs to also satisfy particular criteria for investment, hiring and employee payroll, which vary by location in Oregon. This program and its criteria are distinct from the standard exemption.

Tribal Tax Credits

Most any business can claim a credit against state business income taxes that equal the annual amount paid in initial development fees or property taxes levied and collected by the Tribal government in a Tribal enterprise zone (reservation enterprise zone or reservation partnership zone).

Disclaimer

In preparing this guidebook, Business Oregon made every appropriate effort to present accurate and straightforward information, in complete accordance with current Oregon Revised Statutes (ORS) and Oregon Administrative Rules (OAR). Users of this document are advised that legal requirements and provisions are subject to change, and that they might consider seeking confirmation of any crucial fact presented herein, as well as availing themselves of professional tax advisors.