

**MORROW COUNTY BOARD OF COMMISSIONERS**  
**WORK SESSION AGENDA**  
**Wednesday, March 29, 2023 at 9:00 a.m.**  
**Bartholomew Building Upper Conference Room**  
**110 N. Court St., Heppner, Oregon**  
*See Zoom Meeting Info Below*

1. **Call to Order:** 9:00 a.m.
2. **Discuss Broadband Intergovernmental Agreement for Creation of the Morrow County Broadband Action Team Public Improvement Consortium** (Aaron Moss, Morrow County Broadband Action Team)
3. **Presentation on Tax Abatement Programs: Enterprise Zone & Strategic Investment Program Agreements, etc.** (Mike Gorman, Assessor/Tax collector)
4. **Adjourn**

Agendas are available every Friday on our website ([www.co.morrow.or.us/boc](http://www.co.morrow.or.us/boc) under “Upcoming Events”). Meeting Packets can also be found the following Monday.

The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made at least 48 hours before the meeting to Roberta Lutcher, 541-676-5613.

Pursuant to ORS 192.640, this agenda includes a list of the principal subjects anticipated to be considered at the meeting; however, the Board may consider additional subjects as well. This meeting is open to the public and interested citizens are invited to attend. If you have any questions about items listed on the agenda, please contact Interim Administrator, Roberta Vanderwall, 541-676-2529.

**Zoom Meeting Information**

<https://zoom.us/j/5416762546>

Password: 97836

Meeting ID: 541-676-2546

**Zoom Call-In Numbers for Audio Only Using Meeting ID 541-676-2546#:**

- 1-346-248-7799
- 1-669-900-6833

**Zoom Specific Notes:**

- If joining by a browser, use the raise hand icon to indicate you would like to provide public comment, if and when allowed. If using a phone, press \*9 to indicate you would like to speak and \*6 to unmute when you are called on.
- Morrow County provides the option for Zoom Translated Captions.
  - Instructions: <https://support.zoom.us/hc/en-us/articles/6643133682957-Enabling-and-configuring-translated-captions>
  - If you need further assistance, please contact Justin Nelson at [jnelson@co.morrow.or.us](mailto:jnelson@co.morrow.or.us)

**MORROW COUNTY BROADBAND ACTION TEAM**  
**DETAILED EXPENDITURES**  
**FUND: 01 - BROADBAND FUND**  
**DEPT: 100 - BROADBAND DEPT**

**BUDGET FOR FISCAL YEAR 2023-2024**

ACCT NO.	DESCRIPTION	PROPOSED	Changes	Adopted
<b>1 PERSONNEL SERVICES</b>				
61050	WAGES AND SALARIES	75,000	-	-
61150	OVERTIME	2,500	-	-
61250	EMPLOYER PAID EMPLOYEE BENEFIT	14,000	-	-
61252	401K EXPENSE	5,250	-	-
61400	UNPAID COMPENSATION	2,500	-	-
<b>TOTAL PERSONNEL SERVICES</b>		<b>99,250</b>	-	-
<b>2 MATERIALS &amp; SERVICES</b>				
62100	ADVERTISING	-	-	-
62300	AUDIT	4,000	-	-
62650	DUES AND SUBSCRIPTIONS	1,500	-	-
62900	EQUIPMENT MAINTENANCE	150	-	-
63450	LEGAL	4,000	-	-
63460	LICENSES AND FEES	500	-	-
63500	MEETINGS AND CONVENTIONS	500	-	-
63550	MISCELLANEOUS EXPENSE	1,379	-	-
63650	OFFICE SUPPLIES	400	-	-
63800	OPERATING SUPPLIES	400	-	-
63825	OTHER PROFESSIONAL SERVICES	30,000	-	-
64000	PROGRAMMER SERVICES/SOFTWARE	2,500	-	-
64350	TELEPHONE	500	-	-
64450	TRAINING	-	-	-
<b>TOTAL MATERIALS &amp; SERVICES</b>		<b>45,829</b>	-	-
<b>3 CAPITAL OUTLAY</b>				
65450	EQUIPMENT PURCHASES	5,000	-	-
65460	LEASE IMPROVEMENTS	-	-	-
<b>TOTAL CAPITAL OUTLAY</b>		<b>5,000</b>	-	-
<b>8 UNAPPROPRIATED</b>				
69050	UNAPPROPRIATED	-	-	-
<b>TOTAL UNAPPROPRIATED</b>		-	-	-
<b>DEPT TOTAL EXP. AND TRANSFERS</b>		<b>150,079</b>	-	-
<b>9 REVENUES</b>				
40110	NET WORKING CAPITAL	-	-	-
44635	ORS 190 FUNDING	150,079	-	-
44910	STATE APPROPRIATION	-	-	-
44665	GRANT PROCEEDS	-	-	-
44680	GRANT INCOME	-	-	-
45260	MISCELLANEOUS	-	-	-
45450	INTEREST INCOME	200	-	-
<b>TOTAL REVENUES</b>		<b>150,279</b>	-	-

**DETAILED EXPENDITURES**  
**FUND: 01 - BROADBAND FUND**  
**DEPT: 110 - CAPITAL PROJECT NO. 1**

**BUDGET FOR FISCAL YEAR 2023-2024**

ACCT NO.	DESCRIPTION	PROPOSED	Changes	Adopted
<b>2</b>	<b><u>MATERIALS &amp; SERVICES</u></b>			
62400	BUILDING MAINTENANCE	-	-	-
62750	ELECTRICITY	-	-	-
63430	LEASE EXPENSE	-	-	-
63450	LEGAL	-	-	-
63550	MISCELANEOUS EXPENSE	-	-	-
63800	OPERATING SUPPLIES	-	-	-
63825	OTHER PROFESSIONAL SERVICES	100,000	-	-
64025	PROPANE	-	-	-
64798	WATER/SEWER UTILITIES	-	-	-
	<b>TOTAL MATERIALS &amp; SERVICES</b>	<b>100,000</b>	-	-
<b>3</b>	<b><u>CAPITAL OUTLAY</u></b>			
65200	BUILDING IMPROVEMENTS	-	-	-
65175	PROPERTY PURCHASE	-	-	-
XXXXX	PROJECT NO. 1 CAPEX	-	-	-
	<b>TOTAL CAPITAL OUTLAY</b>	-	-	-
<b>9</b>	<b><u>REVENUES</u></b>			
44665	GRANT PROCEEDS - BTAP	100,000	-	-
	<b>TOTAL REVENUES</b>	<b>100,000</b>	-	-

**DETAILED EXPENDITURES**  
**FUND: 01 - BROADBAND FUND**  
**DEPT: 120 - CAPITAL PROJECT NO. 2**

**BUDGET FOR FISCAL YEAR 2023-2024**

ACCT NO.	DESCRIPTION	PROPOSED	Changes	Adopted
<b>2</b>	<b><u>MATERIALS &amp; SERVICES</u></b>			
62100	ADVERTISING	-	-	-
62400	BUILDING MAINTENANCE	-	-	-
62490	COMMUNITY PROMOTIONS	-	-	-
62750	ELECTRICITY	-	-	-
62900	EQUIPMENT MAINTENANCE	-	-	-
63300	INSURANCE	-	-	-
63430	LEASE EXPENSE	-	-	-
63450	LEGAL	-	-	-
63460	LICENSES AND FEES	-	-	-
63550	MISCELLANEOUS EXPENSE	-	-	-
63650	OFFICE SUPPLIES	-	-	-
63650	OPERATING SUPPLIES	-	-	-
63825	OTHER PROFESSIONAL SERVICES	-	-	-
64000	PROGRAMMER SERVICES/SOFTWARE	-	-	-
64025	PROPANE	-	-	-
64260	SMALL TOOLS/ EQUIPMENT	-	-	-
64798	WATER/SEWER UTILITIES	-	-	-

<b>TOTAL MATERIALS &amp; SERVICES</b>		-	-	-
<b>3</b>	<b><u>CAPITAL OUTLAY</u></b>			
65175	PROPERTY PURCHASE	-	-	-
<b>TOTAL CAPITAL OUTLAY</b>		-	-	-
<b>9</b>	<b>REVENUES</b>			
44665	GRANT PROCEEDS	-	-	-
<b>TOTAL REVENUES</b>		-	-	-
<b>FUND: 01 - BROADBAND FUND</b>				
<b>SUMMARY</b>				
<b>FUND TOTAL EXP. BUDGET</b>		<b>250,079</b>	-	-
		200	-	-
<b>FUND TOTAL REV. BUDGET</b>		<b>250,279</b>	-	-

**MORROW COUNTY BROADBAND ACTION TEAM  
 DETAILED EXPENDITURES  
 FUND: 10 - DEBT SERVICE FUND  
 DEPT: 010 - ADMINISTRATION DEPT**

**BUDGET FOR FISCAL YEAR 2023-2024**

ACCT NO.	DESCRIPTION	PROPOSED	Changes	Adopted
<b>5</b>	<b><u>CONTINGENCY - NONDEPARTMENTAL</u></b>			
67100	OPERATING CONTINGENCY	-	-	-
<b>TOTAL CONTINGENCY FUNDS</b>		-	-	-
<b>7</b>	<b><u>DEBT SERVICE</u></b>			
68150	PROJECT LOAN - PRINCIPAL	-	-	-
68450	PROJECT LOAN - INTEREST	-	-	-
<b>TOTAL DEBT SERVICE</b>		-	-	-
<b>8</b>	<b><u>UNAPPROPRIATED</u></b>			
69050	UNAPPROPRIATED (ONE-YEAR OF DEBT SERVICE)	-	-	-
<b>TOTAL UNAPPROPRIATED</b>		-	-	-
<b>DEPT TOTAL EXP. AND TRANSFERS</b>		-	-	-
<b>9</b>	<b><u>REVENUES</u></b>			
40110	NET WORKING CAPITAL	-	-	-
42150	PROJECT PROCEEDS - CURRENT	-	-	-
42200	PROPERTY PROCEEDS - DELINQUENT	-	-	-
44820	TFR FROM GENERAL	-	-	-
45450	INTEREST INCOME	-	-	-
<b>TOTAL REVENUES</b>		-	-	-
<b>FUND: 10 - DEBT SERVICE FUND SUMMARY</b>				
<b>FUND TOTAL EXP. BUDGET</b>		-	-	-
		-	-	-
<b>FUND TOTAL REV. BUDGET</b>		-	-	-

**MORROW COUNTY BROADBAND ACTION TEAM  
 DETAILED EXPENDITURES  
 FUND: 01 - BROADBAND FUND  
 DEPT: 100 - BROADBAND DEPT**

**BUDGET FOR FISCAL YEAR 2023-2024**

ACCT NO.	DESCRIPTION	PROPOSED	Changes	Adopted
<b>1</b>	<b><u>PERSONNEL SERVICES</u></b>			
61050	WAGES AND SALARIES	-	-	-
61150	OVERTIME	-	-	-
61250	EMPLOYER PAID EMPLOYEE BENEFIT	-	-	-
61252	401K EXPENSE	-	-	-
61400	UNPAID COMPENSATION	-	-	-
	<b>TOTAL PERSONNEL SERVICES</b>	-	-	-
<b>2</b>	<b><u>MATERIALS &amp; SERVICES</u></b>			
62100	ADVERTISING	-	-	-
62300	AUDIT	4,000	-	-
62650	DUES AND SUBSCRIPTIONS	1,500	-	-
62900	EQUIPMENT MAINTENANCE	150	-	-
63450	LEGAL	4,000	-	-
63460	LICENSES AND FEES	500	-	-
63500	MEETINGS AND CONVENTIONS	500	-	-
63550	MISCELLANEOUS EXPENSE	1,379	-	-
63650	OFFICE SUPPLIES	400	-	-
63800	OPERATING SUPPLIES	400	-	-
63825	OTHER PROFESSIONAL SERVICES	70,000	-	-
64000	PROGRAMMER SERVICES/SOFTWARE	2,500	-	-
64350	TELEPHONE	500	-	-
64450	TRAINING	-	-	-
	<b>TOTAL MATERIALS &amp; SERVICES</b>	<b>85,829</b>	-	-
<b>3</b>	<b><u>CAPITAL OUTLAY</u></b>			
65450	EQUIPMENT PURCHASES	5,000	-	-
65460	LEASE IMPROVEMENTS	-	-	-
	<b>TOTAL CAPITAL OUTLAY</b>	<b>5,000</b>	-	-
<b>8</b>	<b><u>UNAPPROPRIATED</u></b>			
69050	UNAPPROPRIATED	-	-	-
	<b>TOTAL UNAPPROPRIATED</b>	-	-	-
	<b>DEPT TOTAL EXP. AND TRANSFERS</b>	<b>90,829</b>	-	-
<b>9</b>	<b><u>REVENUES</u></b>			
40110	NET WORKING CAPITAL	-	-	-
44635	ORS 190 FUNDING	90,829	-	-
44910	STATE APPROPRIATION	-	-	-
44665	GRANT PROCEEDS	-	-	-
44680	GRANT INCOME	-	-	-
45260	MISCELLANEOUS	-	-	-
45450	INTEREST INCOME	200	-	-
	<b>TOTAL REVENUES</b>	<b>91,029</b>	-	-

**DETAILED EXPENDITURES**  
**FUND: 01 - BROADBAND FUND**  
**DEPT: 110 - CAPITAL PROJECT NO. 1**

**BUDGET FOR FISCAL YEAR 2023-2024**

ACCT NO.	DESCRIPTION	PROPOSED	Changes	Adopted
<b>2</b>	<b><u>MATERIALS &amp; SERVICES</u></b>			
62400	BUILDING MAINTENANCE	-	-	-
62750	ELECTRICITY	-	-	-
63430	LEASE EXPENSE	-	-	-
63450	LEGAL	-	-	-
63550	MISCELLANEOUS EXPENSE	-	-	-
63800	OPERATING SUPPLIES	-	-	-
63825	OTHER PROFESSIONAL SERVICES	100,000	-	-
64025	PROPANE	-	-	-
64798	WATER/SEWER UTILITIES	-	-	-
	<b>TOTAL MATERIALS &amp; SERVICES</b>	<b>100,000</b>	<b>-</b>	<b>-</b>
<b>3</b>	<b><u>CAPITAL OUTLAY</u></b>			
65200	BUILDING IMPROVEMENTS	-	-	-
65175	PROPERTY PURCHASE	-	-	-
XXXXX	PROJECT NO. 1 CAPEX	-	-	-
	<b>TOTAL CAPITAL OUTLAY</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9</b>	<b><u>REVENUES</u></b>			
44665	GRANT PROCEEDS - BTAP	100,000	-	-
	<b>TOTAL REVENUES</b>	<b>100,000</b>	<b>-</b>	<b>-</b>

**DETAILED EXPENDITURES**  
**FUND: 01 - BROADBAND FUND**  
**DEPT: 120 - CAPITAL PROJECT NO. 2**

**BUDGET FOR FISCAL YEAR 2023-2024**

ACCT NO.	DESCRIPTION	PROPOSED	Changes	Adopted
<b>2</b>	<b><u>MATERIALS &amp; SERVICES</u></b>			
62100	ADVERTISING	-	-	-
62400	BUILDING MAINTENANCE	-	-	-
62490	COMMUNITY PROMOTIONS	-	-	-
62750	ELECTRICITY	-	-	-
62900	EQUIPMENT MAINTENANCE	-	-	-
63300	INSURANCE	-	-	-
63430	LEASE EXPENSE	-	-	-
63450	LEGAL	-	-	-
63460	LICENSES AND FEES	-	-	-
63550	MISCELLANEOUS EXPENSE	-	-	-
63650	OFFICE SUPPLIES	-	-	-
63650	OPERATING SUPPLIES	-	-	-
63825	OTHER PROFESSIONAL SERVICES	-	-	-
64000	PROGRAMMER SERVICES/SOFTWARE	-	-	-
64025	PROPANE	-	-	-
64260	SMALL TOOLS/ EQUIPMENT	-	-	-
64798	WATER/SEWER UTILITIES	-	-	-
	<b>TOTAL MATERIALS &amp; SERVICES</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>3</b>	<b>CAPITAL OUTLAY</b>			
65175	PROPERTY PURCHASE	-	-	-
<b>TOTAL CAPITAL OUTLAY</b>		-	-	-
<b>9</b>	<b>REVENUES</b>			
44665	GRANT PROCEEDS	-	-	-
<b>TOTAL REVENUES</b>		-	-	-
<b>FUND: 01 - BROADBAND FUND SUMMARY</b>				
<b>FUND TOTAL EXP. BUDGET</b>		<b>190,829</b>	-	-
		200	-	-
<b>FUND TOTAL REV. BUDGET</b>		<b>191,029</b>	-	-



**MORROW COUNTY BROADBAND ACTION TEAM  
 DETAILED EXPENDITURES  
 FUND: 10 - DEBT SERVICE FUND  
 DEPT: 010 - ADMINISTRATION DEPT**

**BUDGET FOR FISCAL YEAR 2023-2024**

ACCT NO.	DESCRIPTION	PROPOSED	Changes	Adopted
<b>5</b>	<b>CONTINGENCY - NONDEPARTMENTAL</b>			
67100	OPERATING CONTINGENCY	-	-	-
<b>TOTAL CONTINGENCY FUNDS</b>		-	-	-
<b>7</b>	<b>DEBT SERVICE</b>			
68150	PROJECT LOAN - PRINCIPAL	-	-	-
68450	PROJECT LOAN - INTEREST	-	-	-
<b>TOTAL DEBT SERVICE</b>		-	-	-
<b>8</b>	<b>UNAPPROPRIATED</b>			
69050	UNAPPROPRIATED (ONE-YEAR OF DEBT SERVICE)	-	-	-
<b>TOTAL UNAPPROPRIATED</b>		-	-	-
<b>DEPT TOTAL EXP. AND TRANSFERS</b>		-	-	-
<b>9</b>	<b>REVENUES</b>			
40110	NET WORKING CAPITAL	-	-	-
42150	PROJECT PROCEEDS - CURRENT	-	-	-
42200	PROPERTY PROCEEDS - DELINQUENT	-	-	-
44820	TFR FROM GENERAL	-	-	-
45450	INTEREST INCOME	-	-	-
<b>TOTAL REVENUES</b>		-	-	-
<b>FUND: 10 - DEBT SERVICE FUND SUMMARY</b>				
<b>FUND TOTAL EXP. BUDGET</b>		-	-	-
		-	-	-
<b>FUND TOTAL REV. BUDGET</b>		-	-	-

# Property Tax Exemptions

Strategic Investment Program (SIP)

Enterprise Zone (EZ) Both Standard and Long Term Rural

# Property Tax Exemptions SIP, and EZ

- ▶ These two property tax exemption programs are unique and substantially different from one another.
- ▶ SIP and EZ exemptions are not tied to a specific type of property.

# Strategic Investment Program (SIP)

- ▶ The Strategic Investment Program has three statutory components, the taxable portion, the community service fee and the exempt portion as well as a non-statutory component, which may consist of an additional payment amount negotiated between the company and the County or City.
- ▶ The amount of these three components depend on the amount total investment.
- ▶ The taxable portion will increase 3% per year during the exemption period.
- ▶ The exemption period can be up to 15 years.

# Strategic Investment Program (SIP)

- ▶ SIP Statutes - ORS 285C.600 thru 285C.635 and 307.123
- ▶ SIP Administrative Rules - OAR 123-623-1000 thru 4200

# Strategic Investment Program (SIP)

## Taxable Portion

- ▶ An Investment of **\$25,000,000 to \$500,000,000**
  - ▶ Results in a Taxable Portion: **\$25,000,000**
- ▶ An Investment of **\$500,000,001 to \$1,000,000,000**
  - ▶ Results in a Taxable Portion: **\$50,000,000**
- ▶ An Investment of **\$1,000,000,001 and greater**
  - ▶ Results in a Taxable Portion: **\$100,000,000**

# Strategic Investment Program (SIP) Community Service Fee (CSF)

- ▶ The community service fee (CSF) is equal to an amount that is 25% of the exempt taxes, **but not to exceed \$2,500,000.**
- ▶ The CSF is to be distributed by the County according to a schedule that was voted on by the affected tax districts and approved by the Oregon Business Development Commission.

# Strategic Investment Program (SIP)

## Exempt Portion and Additional Negotiated Amount

- ▶ The exempt portion is what new value is left after the taxable portion is established.
- ▶ This is the portion that Morrow County has historically used for modeling an estimated exempt tax amount to be used in negotiating any additional payments.



# Strategic Investment Program (SIP)

## Timeline - Steps

- ▶ Business Firm consults with Business Oregon and County/City with confidentiality about proposed project. (ORS 285C.620)
- ▶ Business Firm makes application to Business Oregon and notifies County/City.
- ▶ County/City holds Public Hearing regarding proposed SIP Agreement.
- ▶ Business Firm - County/City executes final agreement.
- ▶ County/City officially requests State determination by the Oregon Business Development Commission.

# Strategic Investment Program (SIP)

## Timeline - Steps Cont.....

- ▶ Approval by Oregon Business Development Commission
- ▶ County holds public meeting with affected tax districts (excluding school districts) to determine schedule for distribution of CSF.
- ▶ 75% of the affected tax districts must be present.
- ▶ If no CSF distribution schedule is determined, then the Oregon Business Development Commission will intervene.

# Strategic Investment Program (SIP)

## Timeline - Steps Cont.....

- ▶ Business Firm proceeds with investment and initiates First Source Hiring Agreement.
  - ▶ “First-source hiring agreement” means an agreement between an authorized business firm and a publicly funded job training provider whereby the provider refers qualified candidates to the firm for new jobs and job openings in the firm.
- ▶ Business Firm can submit a Construction Exemption Application during construction. **(Except Utility Properties)**
- ▶ SIP Exemption begins the first tax year after the end of the calendar year the facility becomes operational.
- ▶ County Assessor bills Business Firm annually for CSF and any negotiated additional payment.

# Strategic Investment Program (SIP)

## Important Statutes

### ▶ 285C.635 - Income Tax Component

- ▶ The annual amount of personal income tax revenue attributable to retained jobs and newly created jobs for each eligible project for which an eligible business firm received a property tax exemption under ORS 307.123.
- ▶ Twenty percent of the total annual amount of personal income tax revenue attributable to retained jobs for all eligible projects in the county as determined under subsection (1) of this section; and Fifty percent of the total annual amount of personal income tax revenue attributable to newly created jobs for all eligible projects in the county as determined under subsection (1) of this section.
- ▶ Notwithstanding paragraph (a) of this subsection, a county may not receive a distribution under this section in an amount greater than \$16 million for any year.

# Strategic Investment Program (SIP)

## Important Statutes

- ▶ 285C.635 - Income Tax Component continued
  - ▶ The county shall distribute the amounts received under paragraphs (a) and (b) of this subsection to the taxing districts in the county in which an eligible project is located in a manner consistent with the distribution of the community services fee under ORS 285C.609 for the project.

# Strategic Investment Program (SIP)

## Program Disqualification

- ▶ If any of the statutory or contractual requirements are not met by the Business Firm during the exemption period, then the property will be disqualified from the exemption and be made taxable until such a time those requirements are met or the exemption period expires.

# Enterprise Zones

- ▶ There are two types of enterprise zone exemptions:
  - ▶ Standard EZ: 3-5 Year Exemption
  - ▶ Long Term Rural: Up to 15 Year Exemption
- ▶ Enterprise Zone Statutes: 285C.050 - 285C-420
- ▶ Enterprise Zone Administrative Rules 123-650-0001 thru 9100;  
123-668-0001 thru 2500; 123-674-0001 thru 8300;  
123-690-0001 thru 8500.

# Enterprise Zones

## Zone Creation

- ▶ **285C.065 Designation of enterprise zone; consent of governing body; positive determination by department required.** (1) Any city, county or port may designate an area within the city, county or port as an enterprise zone. A port shall obtain the consent of the governing body of the county prior to designating an area as an enterprise zone. With the prior consent of the governing body of the city or port, a county may, on behalf of a city or port, designate any area within the city or port as an enterprise zone. With the prior consent of the governing body of a city, a port may, on behalf of a city, designate any area that is wholly or partially shared territory of both the port and city as an enterprise zone. With the prior consent of the governing body of a port, a city may, on behalf of a port, designate any area that is wholly or partially shared territory of both the city and port as an enterprise zone.
- ▶ (2) One or more cities, counties and ports may designate an area situated partly within each city and partly in unincorporated territory within the counties or ports as an enterprise zone.
- ▶ (3) Designation of an enterprise zone under this section shall be made by resolution of the governing body of the city, county or port and is not final until a positive determination in favor of the zone has been made by the Oregon Business Development Department under ORS 285C.074.



# Enterprise Zones

## Zone Creation

- ▶ **285C.067 Consultation with local taxing districts; rules.** (1) A city, county or port that seeks to designate an enterprise zone under ORS 285C.065 or 285C.250 shall consult with all local taxing districts with territory in the zone prior to designating the zone.
- ▶ (2) The Oregon Business Development Department may adopt rules on the consultations required under subsection (1) of this section and procedures related to the consultations. [2005 c.704 §6; 2015 c.648 §5]
- ▶ **285C.068 Port cosponsorship of zones.** (1) A port located in whole or in part within an existing enterprise zone may be added as a cosponsor of the enterprise zone by resolution of the governing body of the port, subject to the consent of the existing zone sponsor and with notice to the Oregon Business Development Department.
- ▶ (2) The addition of a port as a cosponsor of an existing enterprise zone under this section does not change the termination date of the enterprise zone under ORS 285C.245 (2).

# Enterprise Zones

Zone Creation - Prohibits Commercial Properties except for Hotels, Motels or Destination Resorts

- ▶ **285C.070 Election to permit hotels, motels or destination resorts as eligible business firms; procedures; election revocation.** (1) The governing body of a city or county that is designating an enterprise zone under ORS 285C.065 or 285C.250 **may elect to permit a business firm operating a hotel, motel or destination resort to be an eligible business firm with respect to those operations.**

# Enterprise Zones

## Zone Creation

- ▶ **285C.090 Requirements for area to be designated zone; exception. (1)**  
An enterprise zone must be located in a local area in which:
  - ▶ (a) Fifty percent or more of the households have incomes below 80 percent of the median income of this state, as defined by the most recent federal decennial census;
  - ▶ (b) The unemployment rate is at least 2.0 percentage points greater than the comparable unemployment rate for this entire state, as defined by the most recently available data published or officially provided and verified by the United States Government, the Employment Department, the Portland State University Population Research Center or special studies conducted under a contract with a regional academic institution; or

# Enterprise Zones

## Zone Creation

- ▶ (c) The Oregon Business Development Department determines on a case-by-case basis using evidence provided by the cities, counties or ports designating the enterprise zone that there exists a level of economic hardship at least as severe as that described in paragraph (a) or (b) of this subsection. The evidence must be based on the most recently available data from official sources and may include a contemporary decline of the population in the enterprise zone, the percentage of persons in the enterprise zone below the poverty level relative to the percentage of the entire population of this state below the poverty level or the unemployment rate for the county or counties in which the enterprise zone is located.
- ▶ (2)(a) An urban enterprise zone may consist of a total area of not more than 12 square miles in size.
- ▶ (b) A rural enterprise zone may consist of a total area of not more than 15 square miles in size.
- ▶ (c) For purposes of this subsection, the area of the zone must be calculated by excluding that portion of the zone that lies below the ordinary high water mark of a navigable body of water.

# Enterprise Zones

## Zone Creation

- ▶ (3) Except as provided in subsection (4) of this section:
  - ▶ (a) An urban enterprise zone must have 12 miles or less, and a rural enterprise zone must have 15 miles or less, as the greatest distance between any two points within the zone; and
  - ▶ (b) Unconnected areas of an enterprise zone may not be more than five miles apart.
- ▶ (4) Unconnected areas of a rural enterprise zone may not be more than 15 miles apart when an unconnected area is entirely within a sparsely populated county, and the zone:
  - ▶ (a) Must have 20 miles or less as the greatest distance between any two points within the zone, if only a portion of the zone is contained within a sparsely populated county; or
  - ▶ (b) Must have 25 miles or less as the greatest distance between any two points within the zone, if the zone is entirely contained within a sparsely populated county.
- ▶ (5) This section does not apply to the designation or redesignation of a reservation enterprise zone or a reservation partnership zone.

# Enterprise Zones

## Duties of the Sponsor - Zone Management

- ▶ **285C.105 Duties of zone sponsor.** (1) The sponsor of an enterprise zone shall:
- ▶ (a) Appoint a local zone manager. Upon appointment of the local zone manager, the sponsor shall provide written notice thereof to the Oregon Business Development Department, the county assessor and the Department of Revenue.
- ▶ (b) Provide, and assist all authorized or qualified business firms in using, enhanced local public services, local incentives and local regulatory flexibility that a sponsor has elected, by policy, to provide to any firm seeking authorization in that zone after adoption of the policy.
- ▶ (c) Review and approve or deny applications for authorization under ORS 285C.140.
- ▶ (d) Assist the county assessor in administering the property tax exemption and in performing other duties assigned to the assessor under ORS 285C.050 to 285C.250.
- ▶ (e) Maintain, implement and periodically update a plan for marketing the enterprise zone including strategies for retention, expansion, start-up and recruitment of eligible business firms.
- ▶ (f) Manage the enterprise zone in accordance with ORS 285C.050 to 285C.250

# Enterprise Zones

## Duties of the Sponsor - Zone Management

- ▶ (g) Identify property available for sale or lease to eligible business firms under ORS 285C.110.
- ▶ (h) Prepare indices of street addresses, tax lot numbers or other information to facilitate the identification of land inside of an urban enterprise zone.
- ▶ (i) Provide written notice to the county assessor, the Department of Revenue, the Oregon Business Development Department and any relevant publicly funded job training provider of the conditions and policies adopted or normally sought by the sponsor under ORS 285C.150, 285C.155, 285C.160 or 285C.203, and take the actions necessary to implement and enforce the conditions and policies and any other reasonable requirements imposed pursuant to ORS 285C.155, 285C.160 or 285C.203.
- ▶ (j) Conduct, or assist in conducting, annual reporting of enterprise zone activity or effort, if requested by the county assessor or the Oregon Business Development Department.
- ▶ (2) If more than one city, county or port sponsors an enterprise zone, the jurisdictions shall act jointly in performing the duties imposed on a sponsor under ORS 285C.050 to 285C.250.

# Enterprise Zones

## Duties of the County Assessor

- ▶ **285C.130 Duties of county assessor.** The assessor of a county within which an enterprise zone is located shall:
  - ▶ (1) Assist the sponsor, the local zone manager appointed by the sponsor and business firms in determining whether property will qualify for a property tax exemption under ORS 285C.175.
  - ▶ (2) Review and approve or deny applications from eligible business firms for authorization under ORS 285C.140.
  - ▶ (3) Process claims for property tax exemptions filed under ORS 285C.220 and exempt the qualified property of authorized business firms from ad valorem property taxation in accordance with ORS 285C.050 to 285C.250.



# Enterprise Zones

## Duties of the County Assessor

- ▶ (4) Take action necessary under ORS 285C.240. (Disqualification)
- ▶ (5) Submit a written report to the Department of Revenue on or before July 1 of each assessment year. The report for each enterprise zone, or portion of a zone that is located in the county, shall include the following information, organized by business firm:
  - ▶ (a) The assessor's estimate of the assessed value of qualified property that was exempt under ORS 285C.175 for the previous tax year and the taxes that would have been imposed on the qualified property, as entered on the assessment and tax roll under ORS 285C.175 (7).

# Enterprise Zones

## Duties of the County Assessor

- ▶ (b) The annual average number of employees of the firm within the enterprise zone during the previous assessment year, as reported on the exemption claim filed under ORS 285C.220.
- ▶ (c) The annual average compensation for the previous assessment year of new employees hired by the firm within the enterprise zone, if the firm is subject to the annual compensation requirements of ORS 285C.160 (3), as reported on the exemption claim filed under ORS 285C.220.
- ▶ (d) The assessor's estimate of the assessed value, for the current tax year, of qualified property that was exempt under ORS 285C.175 for the previous tax year and that is not exempt under ORS 285C.175 for the current tax year.

# Enterprise Zones

## Duties of the County Assessor

- ▶ (e) The total investment cost of qualified property first reported on the exemption claim filed under ORS 285C.220 that includes a property schedule submitted by the business firm pursuant to ORS 285C.225 for the current tax year.
- ▶ (f) The current number of employees of the firm, as reported on the exemption claim filed under ORS 285C.220 and described in paragraph (e) of this subsection.
- ▶ (g) Any other information the assessor or the Department of Revenue considers appropriate.
- ▶ (6) Send a copy of a report prepared under subsection (5) of this section to the sponsor of the enterprise zone and to the Oregon Business Development Department.

# Enterprise Zones

## Standard EZ Exemptions, 3-Year

- ▶ Business Firm submits EZ Authorization Application to Zone Sponsor(s) (Usually Through Zone Manager)
  - ▶ Application will detail proposed business investment, describe property and investment amount and an estimate of new employees.
  - ▶ New employees must equal or exceed the greater of one plus or 1.1 times the existing employment in the zone. (This requirement can be waived by the Zone Sponsor(s).)
  - ▶ Application is either approved or denied by Zone Sponsor(s) and County Assessor
  - ▶ If approved, then Business Firm starts construction and can submit a Construction-in-Process Exemption application to County Assessor for up to two years during construction
  - ▶ Project starts 3-year EZ exemption for the tax year after the calendar year the Business Firm is operational.

# Enterprise Zones

## Standard EZ Exemptions, 3-Year

- ▶ The Business Firm must file annually, with the County Assessor, a claim of exemption and property schedule by April 1.
- ▶ The Business Firm can file a claim for exemption for new property in each of the 3 years of the exemption. The property stated on the claim will receive a full 3 years of exemption.
- ▶ Must be newly installed property, existing property does not qualify.

# Enterprise Zones

## Standard EZ Exemptions, 3-Year + Extended Abatement

- ▶ A Business Firm that qualifies for the Standard 3-year exemption, can apply for an additional two years at the time of authorization.
- ▶ There must be an agreement between the Zone Sponsor(s) and Business Firm.
- ▶ There can be a in-lieu-of tax amount negotiated for the 2 additional years.
- ▶ If Business Firm replaces property that was listed on an exemption claim for reasons other than damage, that property will get disqualified from the exemption and will get charged a special assessment of what the taxes would have been for that particular property if not for the exemption.

# Enterprise Zones

## Standard EZ Exemptions, 3-Year + Extended Abatement

- ▶ During the exemption period for properties with the 2-year extended abatement, the average wage for all of the new full time employees located at the site receiving the exemption, **must be equal to or greater than 130% of the published Average County Wage for the first year of the exemption.**

# Enterprise Zones

## Standard EZ Exemptions, 3-Year and Extended Abatement

### ▶ Standard EZ Disqualification

- ▶ If the Business Firm fails to comply with statutory requirements, closes or reduces eligible operations or fails to meet requirements set forth in agreement with Sponsor(s) for extended abatement, the County Assessor will disqualify the property from the exemption and impose 100 percent of the additional taxes calculated under ORS 285C.175 against the property for each year for which the property had been granted exemption under ORS 285C.175.



# Enterprise Zones

## Long Term Rural

- ▶ The Long Term Rural Enterprise Exemption Program is a 7-15 year exemption.
- ▶ Before construction, the Business Firm will apply for certification with the sponsor of the zone and with the county assessor of the county in which the zone is located.
- ▶ Application will detail proposed business investment, describe property and investment amount and an estimate of new employees.

# Enterprise Zones

## Long Term Rural

- ▶ Must have an agreement with Zone Sponsor(s).
  - ▶ Agreement can have a negotiated in-lieu-of tax amount.
- ▶ New property is automatically exempt during construction with no need for application
- ▶ Governing Body, (County or City), must adopt resolution approving the LTREZ Exemption.

# Enterprise Zones

## Long Term Rural

- ▶ Minimum requirement of 35 new employees within first three years of the exemption.
- ▶ Average wage of new employees must be 130% of Average County Wage as published in the first five years of the exemption.
- ▶ LTREZ Exemption starts for the tax year after the calendar year the Business Firm is operational.

# Enterprise Zones

## Long Term Rural

- ▶ Property can be claimed for exemption in any year, but once the exemption period starts, that property will only receive exemption for time period remaining with no penalty for replacement.
- ▶ Must be new property, existing property does not qualify.
- ▶ Disqualification is similar to the Standard EZ.

# Questions?