

Oregon Enterprise Zone Authorization Application*

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

Applicant

Enterprise zone or rural renewable energy development zone (where business firm and property will be located)		Email	
Name of business firm		Phone ()	
Mailing address	City	State	ZIP code
Location of property (street address if different from above)	City	State	ZIP code
County, TRS map ID number, and Tax lot number of site	Contact person	Title	

My firm expects to first claim standard property tax exemption in the following (up to three) year(s): _____

- Check here if your firm has or has had another exemption in this enterprise zone.
- 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 requesting an **extended abatement** of one or two additional years of exemption. Extended abatement is subject to written agreement with local zone sponsor, and to possibly additional state or local requirements before this application is approved.

Zone manager use only (after written agreement but before authorizing firm):

County average annual wage: \$ _____ Year _____ Total exemption period: 4 or 5 Consecutive years (check one)

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”: _____

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–regional in scope and locally significant)
- Check here if an **electronic commerce investment** in an e-commerce enterprise zone. (May also provide for an income tax credit)

Employment in the enterprise zone (see worksheets on last page)

Don't count FTEs, temporary, seasonal, construction, part-time jobs (32 hours or less per week), or employees working at ineligible operations.

Existing Employment—My business firm’s average number of full-time employees in the zone over the past 12 months is _____

- 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 have increased existing employment within the zone by one new employee or by 10%, 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 filed by April 1 following each calendar year of exemption, total employment in the zone will also not have shrunk by more than 85% at one time or by more than 50% twice in a row, compared to the highest such figure with any previous claim.
- My firm will comply with local additional requirements as contained in: (1) a written agreement for an extended abatement, (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 yours or any commonly controlled firm will curtail operations in the state **beyond 30 miles of the zone boundary and move them into the zone.** Indicate timing, location, number of any job losses, and relationship to the proposed enterprise zone investment:

- Check here if you are transferring operations into the zone from site(s) in the state **within 30 miles of _____ zone boundary:** My firm's average employment at the site(s) over the past 12 months is _____ jobs.
- Check here, if applicable, that your firm commits to increase the combined employment at the site(s) (within 30 miles) and in the zone to 110% 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 (non-binding)

Action	Site and building and structures			Machinery and equipment		
	Preparation	Construction*	Placed in service**	Procurement***	Installation	Placed in service**
To commence or begin on						
To be completed on						

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

** This is in the calendar year directly before the very first year of exemption.

*** May precede application by up to three months (includes personal property).

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, and don't take up occupancy until this application is approved).
- Check here if anticipating using **Construction in process** tax exemption for qualified property that is still being constructed/installed and isn't yet placed in service and is located on site as of January 1. If so, file *Application for Construction-in-Process Enterprise Zone Exemption*, 150-310-021, by April 1 with the county assessor's office.

Qualifying property: Estimates of cost and details about property are not binding, but in order for property to be exempted, its basic type and any major building/structure needs to be at least represented below.

Type of property		Number of each/item	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"/>
Total estimated value of investment			\$	

In addition, describe below (or in an attachment) the overall nature and potential extent of your investment, including preliminary building plans and lists of property items, as appropriate and recommended by zone manager or county assessor (may be kept confidential).

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)

Oregon Enterprise Zone Authorization Application Instructions

For more information

Visit www.oregon4biz.com. Search "Enterprise zones eligibility."

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 location in the enterprise zone or rural renewable energy development zone. The local zone manager and the county assessor's office authorize your firm (not the proposed property).

Mandatory timing in being authorized:

- Complete and submit this form to the local zone manager before beginning physical project work (construction, installations, etc., including site preparation) or hiring new employees.
- Work may proceed after submission and before approval.
- No exemption is allowed on property for which work began prior to the **effective date** of the zone's designation or amendment to include site, or for any property already assessed in the county by that date.
- After submitting this application but before being authorized, you and the zone manager will hold a **pre-authorization conference**, 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, the written agreement with the zone sponsor may set additional reasonable requirements. In most zones, state law also requires that for all of the business firm's employees, who are working in newly created jobs, that: (a) in the fourth and fifth year, their average wage is at least 100 percent of the then most recently available county average wage, and (b) in all four/ five years, their average compensation equals or exceeds 130 percent or 150 percent of the county average wage at the time of 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 physically ready for use or occupancy, for specifically 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, using Form OR-EZ-EXCLM, *Oregon Enterprise Zone Exemption Claim*, 150-310-075, and attaching Form OR-EZ-PS, *Oregon Enterprise Zone Property Schedule*, 150-310-076 for the property to be exempted.
- Submit the exemption claim (without property schedule) after each year of exemption, in order to confirm ongoing compliance.

Keeping authorization active:

- This application needs to be renewed after two full years between January 1 and April 1, if your firm isn't 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.
- County wage for the extended abatement's average employee compensation standard, see (b) above, resets with renewal or inactive claim.

Business eligibility

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

- The program is primarily directed at 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 certain enterprise zones and in the city of North Plains.
- **Central facilities** for management, marketing, design, etc. (headquarters), 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 city/county jurisdictions.

Employment in the enterprise zone

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

- The number of full-time 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 with the local Oregon Employment Department office.
- 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 combined employment level in the zone and from where they are transferred.

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 among the firm, the local zone manager, and the county assessor.

Pre-application activity at site:

In general, site activity must begin after this application is submitted. Exceptions include, but are not limited to:

- 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 or structure. 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 use or occupancy of the building or structure.

Construction in Process: Property on-site as of January 1 may be exempt for up to two years before being placed in service. Once authorized, file the Form OR-AP-CIPEZ, *Application for Construction-in-Process Enterprise Zone Exemption*, 150-310-021, with the county assessor on or before each April 1, for any qualified property for which work is still underway on January 1. (Not available for centrally assessed/utility or hotel/resort property)

Property criteria:

- For a significant building or structure to be exempt, the authorization must include some indication of it. In addition, for example, if no machinery and equipment is indicated, then no such property qualifies, so that the applicant is advised to account for every basic type of property that could possibly be part of the final, overall project.
- All property needs to be new, meaning it wasn't used or occupied in the zone more than one year before exemption begins.
- Machinery and equipment also 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, provided that 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 subject to a **per-item cost** minimum. An integrated system

consisting of various components may be treated as a single item for these purposes.

- Land, vehicles, motorized/self-propelled devices, rolling stock, non-inventory supplies, and idle or ineligibly used property **don't** 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 isn't 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 January 1 of the first year of an initial exemption, especially to account for any unrepresented type of basic property.
- 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

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:

$$\begin{aligned} & \text{_____}(1) + \text{_____}(2) + \text{_____}(3) + \text{_____}(4) + \\ & \text{_____}(5) + \text{_____}(6) + \text{_____}(7) + \text{_____}(8) + \\ & \text{_____}(9) + \text{_____}(10) + \text{_____}(11) + \text{_____}(12) = \\ & \text{_____} \div 12 = \text{_____} \text{ *Average annual existing jobs} \end{aligned}$$

1. Identify those employees or positions within the zone that are: (a) working a majority of their time in "eligible" activities or in 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:

4. If your average annual existing jobs* (from number 3, above) is:
 - a) Five or more, multiply by 1.1, as follows:
* _____ × 1.1 = _____, **or**
 - b) Less than five, add one, as follows:
* _____ + 1 = _____.
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 calendar 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 a local waiver by resolution(s) adopted by zone sponsor with authorization, which may impose additional conditions? Waiver allowed if the overall investment costs \$25 million or more, or with a 10 percent rise in productivity combined with dedicated expenses for workforce training. In a rural renewable energy development zone, a waiver is allowed for \$5-million investments with no added conditions.
- 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 some local sponsoring governments offer to authorized businesses as part of the

enterprise zone package, 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 jobs at any 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 in the zone are treated as distinct business firms.
- Is investment pending the site's inclusion in the zone? This application may be approved under such conditions, but make arrangements with the local zone manager to ensure that any construction or installation work doesn't 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.