This publication is a guide, not a complete statement, of Oregon Revised Statutes (ORS) and Oregon Administrative Rules (OAR). For more information, refer to the laws and rules at www.oregon.gov/dor.

**Important**

If you’re claiming the Long-Term Enterprise Zone Facilities Credit for this tax year, you must submit the Schedule OR-LTEZ with your return. If you’re eligible for the Long-Term Enterprise Zone Facilities Credit for this tax year, but choose not to use it, you must also submit the Schedule OR-LTEZ with your return.

**What qualifies a business to claim this credit?**

A tax credit is available for subchapter C corporations (and the shareholders of subchapter S corporations) that own a facility that’s exempt from property tax due to its location in a rural enterprise zone.

The facility must be located in a county that satisfies specified economic criteria at the time of approval by the written agreement with the local zone sponsor.

Receipt of the credit also depends on:

(i) Written approval by the governor;
(ii) Local certification for exemption of the facility from property taxes no later than June 30, 2018 (ORS 285C.406); and
(iii) Satisfaction of applicable requirements under ORS 285C.412 for the exemption.

**What is the applicable law?**

ORS 317.124.

**How is the amount of credit determined?**

The amount of the credit is equal to 62.5 percent of the taxpayer’s payroll and employee benefit costs, including but not limited to workers’ compensation insurance and payroll taxes, relating to the qualifying facility. The credit is available for a period of at least five, but not more than 15 consecutive tax years. This period may commence only after the facility is placed in service, but no later than the tax year beginning in the third calendar year after the year in which the facility is placed in service. The tax credit may be used to offset corporate excise or income tax levied or imposed by the State of Oregon relating to the facility that’s owned by the corporation.

This credit isn’t in lieu of any deduction for depreciation, amortization, payroll costs, or any other expense to which the taxpayer is entitled. Tax credits allowable under this section or any other provision of law creating a tax credit against corporation excise or income tax, may not be used to offset the first $1 million, or a lesser credit threshold amount that’s allowed under ORS 317.124(7) of corporate excise tax paid by the corporation to this state in any taxable year. The first $1 million paid or any lesser credit threshold amount that’s allowed and paid includes taxes generally attributable to operations of the taxpayer throughout the state of Oregon.

A taxpayer may forgo using a tax credit otherwise allowed under ORS 317.124 in order to use other tax credits in a tax year (ORS 317.125).

**Note:** Round all percentages to 4 digits to the right of the decimal. For example, .1234567 becomes 12.3457%.

**How is the credit claimed?**

The credit is claimed on Schedule OR-ASC-CORP. S corporation shareholders may claim it on their personal returns on Schedule OR-ASC.

This tax credit may not be transferred to another taxpayer.

**What happens if the credit exceeds the tax?**

A taxpayer claiming a credit against tax must claim the full amount of any credit that’s allowed for the tax year, to the extent of the tax liability. The credit cannot reduce minimum tax.

The credit is limited to the tax liability for the tax year. Tax credit not used by the taxpayer in a particular tax year may be carried forward and used by the taxpayer for a period of up to five years.

**What evidence must be kept to verify the claimed credit?**

Include this form with your return and keep a copy with your tax records. Upon audit or examination, a copy of this form may be requested by the department to verify the credit claimed.

Other evidence may be requested including, but not limited to, annual gross payroll expenses at the facility, and local enterprise zone certification and qualification for the exemption on taxable property.
For assistance in determining whether you qualify for this credit, contact the local zone sponsor that certified your business firm or the Oregon Business Development Department (Business Oregon), as well as your tax advisor.

Do you have questions or need help?

www.oregon.gov/dor
503-378-4988 or 800-356-4222
questions.dor@oregon.gov

Contact us for ADA accommodations or assistance in other languages.

Oregon Business Development Department:
Internet ........................................ www.oregon4biz.com
Telephone ........................................... 503-986-0123
Email ........................................... biz.info@oregon.gov