



OVERVIEW

The Greater Redmond Area Enterprise Zone (E-Zone) incentive program encourages economic development by waiving property taxes on declared investments for eligible businesses for three years and reduces or waives many City fees. The property tax waiver may be extended to five years if the qualifying company creates jobs compensated at 150% of Deschutes County's annual wage as published by the Oregon Employment



Department. The Redmond Enterprise Zone was established in 1988, renewed in 1998, and reconfigured in 2009 to include the City of Sisters. It is one of the most successful rural Enterprise Zones in the State of Oregon.

TAX INCENTIVES

Standard Abatement

This economic development incentive offers 100% property tax relief on normally assessed significant new plant and/or equipment. Abatement lasts for three years after the property has been placed in service.

Extended Abatement

Local sponsors may extend the standard exemption to four or five consecutive years if the qualifying company creates jobs compensated at 150% of Deschutes County's annual wage.

Super Enterprise Zone

An additional provision allows zone sponsors (cities of Redmond and Sisters, and Deschutes County) to exempt larger scale projects for a period of 7 to 15 years. In addition to property tax abatement, participants are also eligible for income and payroll tax credits based on employment. While each project is evaluated individually, minimum levels of investment, employment and compensation are outlined at right.

ELIGIBILITY

Enterprise zone policy focuses on "for profit" business operations that do not compete significantly with the local economy. Eligible businesses provide goods, products or services to other business operations or organizations. This includes not only conventional manufacturing and industrial activities, but also processing plants, distribution centers, maintenance facilities, warehouses and even operations that handle bulk clerical tasks or post-sale technical support.

Eligible businesses must invest in new property or equipment not already on the County's tax rolls. The property must be owned or leased by the business and located in the Greater Redmond E-Zone boundary.

- Investment cost must be \$50,000 or more, in total, for qualified "real property," which includes newly constructed buildings or structures; new additions or modifications to existing buildings or structures; heavy/affixed machinery and equipment.
- Land, non-inventory supplies, rolling stock, vehicles, and motor propelled devices do not qualify.

Existing firms must increase and maintain full time employment by ten percent (10%) for the full term of their exemption. New firms to the area must employ at least one person.

Minimum Qualifying Criteria	3 years (Standard)	5 years (Extended)	7-15 years (Super)
Investment	\$50,000	\$50,000	\$12.5 mill
New employment for existing company	10% increase 1st year	10% increase 1st year	50 within 3 years
Average compensation per employee	No minimum	\$61,061*	\$61,061*

* 150% of 2016 Deschutes County average annual wage \$40,707; may include non-mandatory benefits, overtime and profit sharing.

Eligible businesses must provide 75% or greater of its goods, products or services to other business operations or organizations. Typically, this requirement makes the following types of operations ineligible: entertainment, tourism, health care, child care, finance, housing, construction, and retail. Please contact the Zone Manager with eligibility questions

E-ZONE INCENTIVE SAVINGS

Estimated property tax savings resulting from a \$1 million investment are illustrated below. Assumptions include: a 10,000 sf building used for manufacturing, \$100/sf construction costs, a 1" waterline, 10 new jobs, Redmond property tax millage rate of \$18,3901per \$1,000 of assessed valuation, and 3 year savings below 150% and 5 year savings above 150% of Deschutes County 2016 average wage.

\$1M Investment in Redmond		
Savings	3 Years (Standard)	5 Years (Extended)
E-Zone	\$43,143	\$74,105
City of Redmond	\$6,717	\$8,565
Total	\$49,860	\$82,670



CITY BENEFITS

The City of Redmond offers the following benefits:

- 2% reduction in building permit fees for every new job created, up to a 40% maximum;
- Expedited permitting process for E-Zone projects;
- Waiver of water and sewer hook-up fees;
- Waiver of 50% of land use fees for businesses that meet the 150% salary and benefit threshold of Deschutes County's annual wage.
- Waiver of 25% of the land use fees for businesses that do not meet the 150% threshold;
- 1% reduction in System Development Charges (SDCs) for every new job created, up to 25%;
- 25% reduction in monthly water and sewer charges for three years, and
- Waiver of \$200 application fee.

SUMMARY OF SUCCESS

The Redmond Enterprise Zone has been one of the most active of Oregon's 66 zones. Since 1988, the Zone has effectively helped 138 companies create 2,200 jobs and has generated over \$142 million in capital investment.

E-COMMERCE ZONE

Redmond is one of a limited number of Oregon's zones with special status to encourage electronic commerce investments. "E-commerce" is defined as engaging predominantly in transactions via the Internet or an Internet-based computer platform. Transactions can include taking orders, closing sales, making purchases, providing customer service, or other activities that serve the firm's overall purpose, even if retail in nature.

Qualifying firms receive income tax relief - a credit against the firm's annual state income or corporate excise tax liability - which equals 25% of that year's investment cost in capital assets for e-commerce related operations. Note that the electronic commerce income tax relief can be layered with the E-Zone property tax abatement. For more information regarding qualified investments and credits, please contact the Zone Manager.

FREQUENTLY ASKED QUESTIONS

Does the Enterprise Zone take away from the existing tax base?

No, the Legislature, in coordination with cities and counties across Oregon, has structured the Enterprise Zone to ensure that no property (land, buildings, equipment) previously on the tax rolls can be removed through an exemption process. Only new investment qualified by an application process with the local Enterprise Zone Manager, and coordinated with local tax assessor, can be exempted.

May my company use the Enterprise Zone multiple times for future expansions?

Yes. Expansion projects for qualifying employers are eligible as long as the employer adds at least 10% to their existing workforce each time the program is used.

When the exemption period expires, does my property (building and equipment) come back on the tax rolls?

Yes. Buildings and equipment are assessed throughout the exemption period, but come back on the tax rolls at a depreciated or appreciated value. Eligible property taxes on real and some personal property are exempted, not deferred.

Are commercial developments eligible for Enterprise Zone exemptions?

No, only primary employers are eligible. The general test for commercial versus primary or industrial is that a majority of a company's products or services must be sold or delivered outside the region, or to another business.

Can eligible employers who rent their facilities qualify?

Yes. If a facility has not been previously occupied or is a build-to-suit for an eligible company, landlords are required to pass on savings resulting from property tax exemptions to their tenants.

My company is eligible for the E-Zone, but I've already started construction. Can my facilities be exempted?

Typically not; companies wishing to access the program need to complete the two-page Enterprise Zone Authorization Application *prior* to purchasing equipment or breaking ground on new or expanded facilities. It is strongly recommended that companies meet with the Zone Manager *before* making any land use application, obtaining building permits, or purchasing equipment.

APPLICATION PROCESS

To receive incentives, businesses must file an Enterprise Zone Authorization Application with the local Zone Manager and be approved *prior* to any eligible investments. For information about E-Zone use in Redmond, contact Jon Stark, Manager of Redmond Economic Development, Inc. (REDI).

Zone Sponsor: City of Redmond

Kate Porsche

Community Development Department

(541) 923-7756

www.redmond.or.us



Zone Manager: Jon Stark

Redmond Economic Development, Inc. (REDI)

411 SW 9th St., Ste. 203, Redmond, OR 97756

(541) 923-5223

www.rediinfo.com

