

# Deschutes County Rural Enterprize Zone

La Pine, OR  
(541) 604-4095 \* www.edcoinfo.com

## OVERVIEW



Approved in April 2008, the Deschutes County Rural Enterprise Zone (E-Zone) encompasses the City of La Pine and Bend Airport. The Rural E-zone offers traded-sector employers (companies that sell goods or services outside the local area and expand its economic base) and other eligible companies three (3) to fifteen (15) year property tax exemptions on certain new capital investments that create jobs in the designated areas. The zone is sponsored by Deschutes County and the City of La Pine and is managed by Economic Development for Central Oregon (EDCO). Only new facilities or improvements not yet on the tax roll are eligible for this tax incentive.

## 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 average annual wage.

### **Long-Term Rural Enterprise Zone**

An additional provision allows zone sponsors to exempt larger scale projects for a period of 7 to 15 years. 7 to 15 consecutive years of full relief from property taxes on new facility property, once permitted for use and occupancy. With the Governor's approval, credit equal to 62.5% of gross payroll against state corporate excise (income) taxes. (Credits received over a five- to 15-year period, and each credit may be carried forward for five succeeding years.) While each project is evaluated individually, minimum levels of investment, employment and compensation are outlined at right.

## ELIGIBILITY

Eligible employers include headquarters operations, manufacturing, warehouse & distribution, fabrication, R&D, manufacturing suppliers, data centers, and other eligible businesses that provide goods, products, or services to other business operations and organizations. New companies to the Central Oregon area that are eligible for the program must create at least one new job, while exiting companies must expand employment by at least 10% in the first year of eligibility. The total minimum investment required is \$50,000.

Eligible investments are new real property improvements (including buildings), major site improvements, large or immobile equipment and tools. Non-qualifying investments include land, existing buildings, existing equipment, most rolling stock (forklifts, delivery trucks, etc.), and most personal property. There are no limits to the number of times a company may use the zone.

For extended five year exemptions an extension must be approved by the zone sponsors, Deschutes County and the City of La Pine. To qualify, companies must pay an average of 150% of the average wage (covered employment payroll for all employees in Deschutes County) in total compensation, which can include non-mandatory benefits such as vacation pay, medical insurance, bonuses, overtime, profit sharing and retirement contributions.

Minimum Qualifying Criteria	3 years (Standard)	5 years (Extended)	7-15 years (Long-term Rural)
Investment	\$50,000	\$50,000	\$12.5m
New employment for existing company	10% increase 1st year	10% increase 1st year	50 within 3 years
Average compensation per employee	No minimum	\$58,649*	\$58,649*

\* 150% of 2014 Deschutes County average annual wage \$39,099; 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, La Pine industrial property tax millage rate of \$16.8069 per \$1,000 of assessed valuation, and 3 year savings below 150% and 5 year savings above 150% of Deschutes County 2012 average wage.

\$1M Investment in La Pine		
Savings	3 Years (Standard)	5 Years (Extended)
E-Zone	\$40,7408	\$67,900

## **APPLICATION PROCESS**

To receive investment incentives, eligible businesses must file an Enterprise Zone Pre-Certification Form with the local zone manager prior to any eligible investments. For more information contact La Pine Economic Development Manager, Janet Burton, at 541-604-4095.

## **FREQUENTLY ASKED QUESTIONS**

*Must my facility be located within the City of La Pine or on the premises of the Bend Airport?*

Yes. Operations not located within the City of La Pine or on the premises of the Bend Airport do not qualify.

*How difficult is the approval process?*

Most companies find the process quick, non-bureaucratic and easy to administer. The process normally consists of a short consultation meeting with the Zone Manager, completion by the company of a two-page application and attachments, and approval by the Zone Manager and County Assessor. Following approval, an investment can commence immediately. Annual reports are required for employment and property exemption claims, which are one or two page forms submitted to the Oregon Department of Revenue.

*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 75% 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.

### **Zone Sponsor: City of La Pine**

Rick Allen

Interim City Manager

(541) 536-1432

[info@ci.la-pine.or.us](mailto:info@ci.la-pine.or.us)

### **Zone Assistant Manager: Janet Burton**

La Pine Area Economic Development Manager

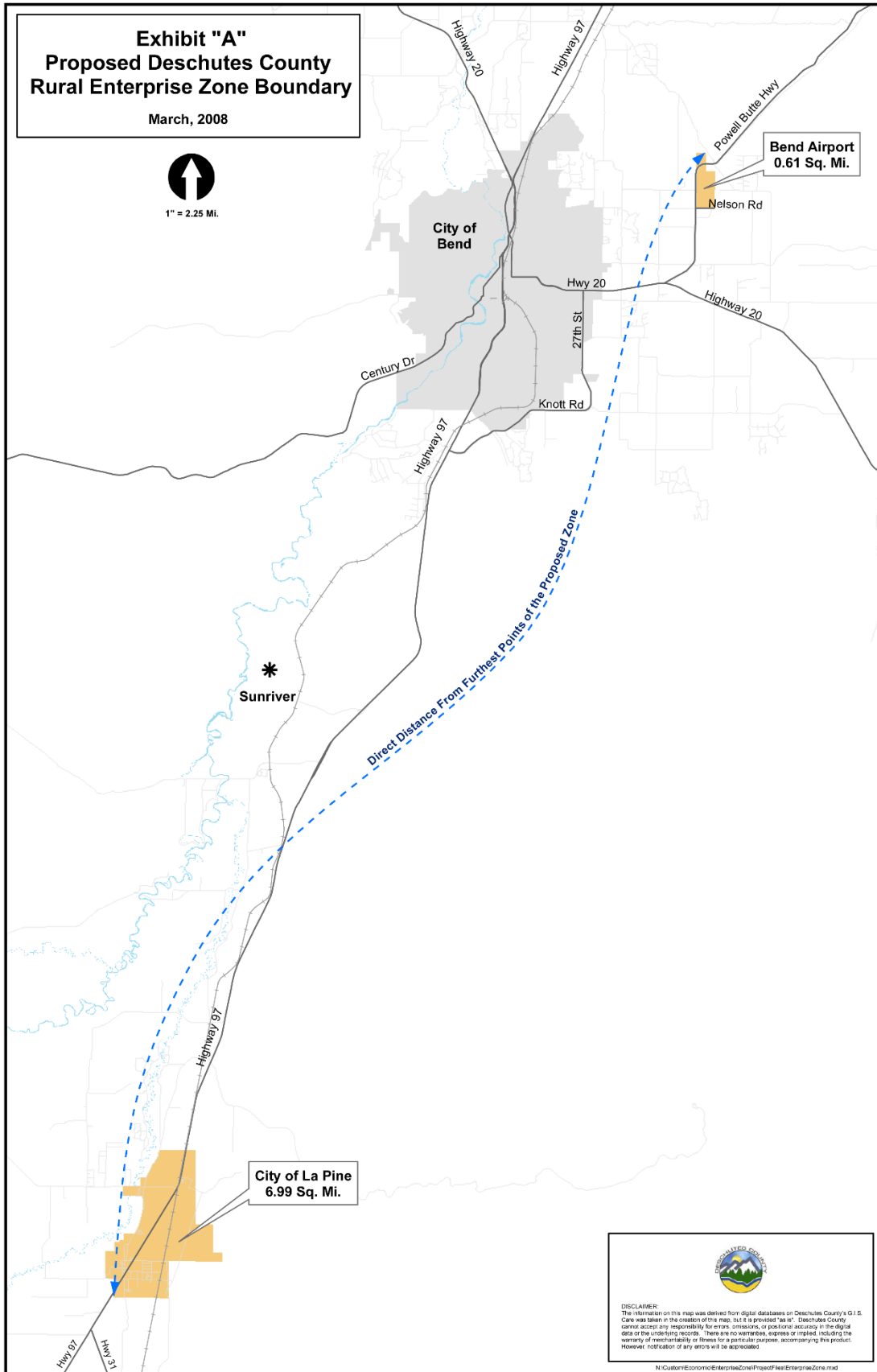
16345 Sixth Street, La Pine, OR 97739

(541) 604-4095

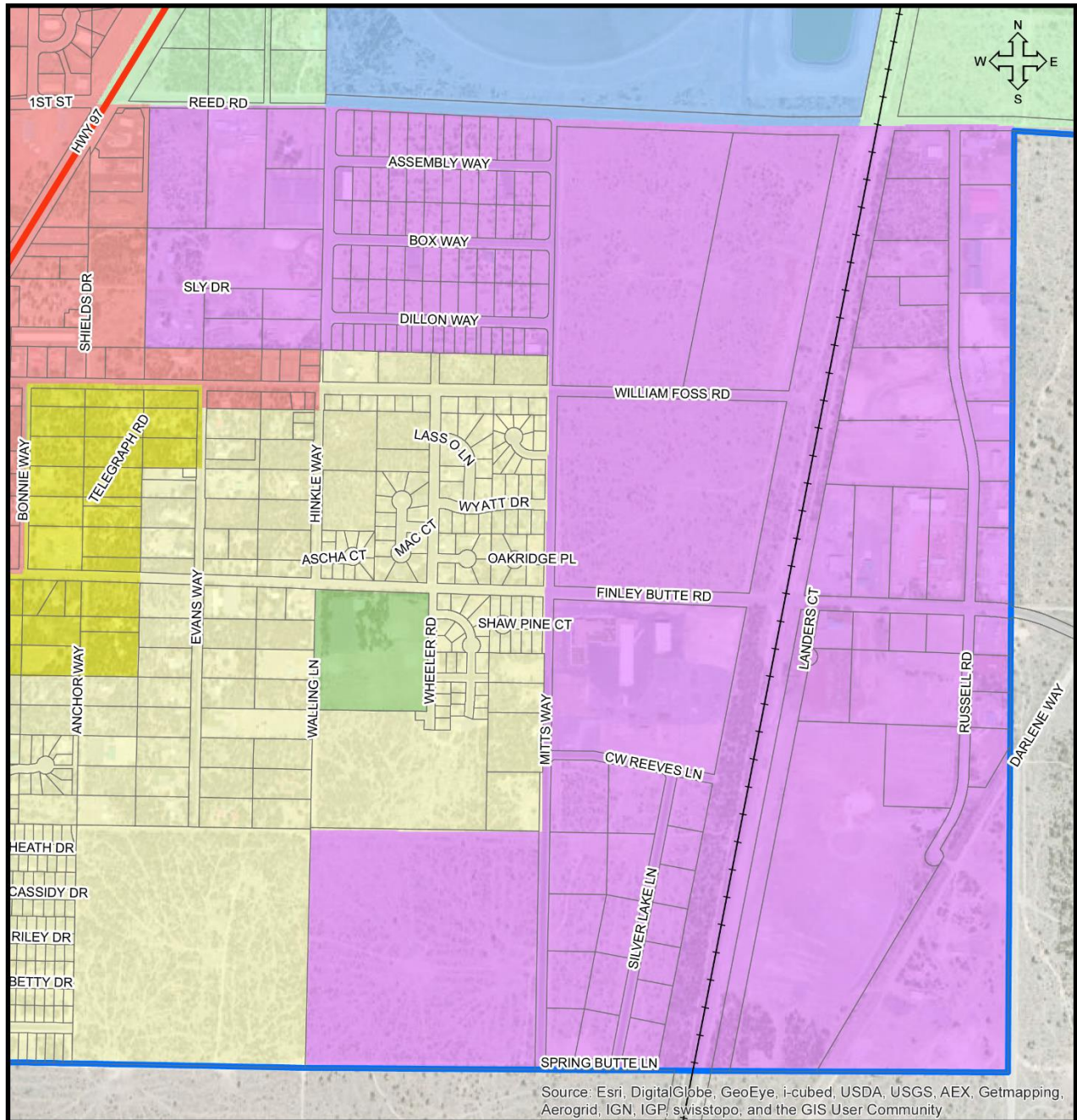
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








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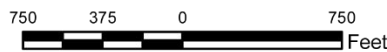






### City of La Pine Zoning

- |  |  |   |
|--|--|---|
|  Highway 97 |  Open Space & Park    |  Traditional Commercial |
|  Railroad   |  Public Facility      |  Residential District   |
|  City Limit |  Comm / Res Mixed Use |  Forest Use 1          |
|  |  Industrial           |   |



September 15, 2015