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## Long-Term Rural Enterprise Zone

Available in most rural enterprise zones, the Long-Term Rural Enterprise Zone Facilities Program offers a property tax abatement of up to 15 years compared to the Standard Program's three to five years. Under the program, eligible facilities are not subject to local property taxes until facility operations commence and may receive seven to 15 consecutive years of full relief from property taxes beginning the year after a facility is permitted for use and occupancy.

### Who is Eligible?



A facility site must be in both an eligible county and the designated rural enterprise zone when the agreement is signed between the business and local zone sponsor. Any type of business activity is eligible, but these incentives depend on local approval and varying levels of minimum investment size, job creation, and employee compensation.

To qualify, a facility must meet the following three criteria:

1. Total investment costs need to be greater than one percent (or .5 percent if more than 10 miles from Interstate 5) of a county's total real market value by the end of the year when operations begin. This



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interstate 5) of a county's total real market value by the end of the year when operations begin. This base amount varies from \$1 to \$25 million, depending on the location (≤ \$12.5 million outside 10-mile I-5 corridor).

2. Within three to five years of commencing operations, the business must hire a number of new, full-time employees. This number must be at least 10, 35, or 50, depending on the county (or 75 if within 10 miles of I-5), to be maintained during the tax abatement period.
3. By the fifth year after the year when new facility operations commence, the average annual compensation including benefits for all workers at the facility must be at least 130 percent (if in a qualified rural county) or 150 percent of the county average annual wage, based on the latest and final figure. For every subsequent calendar year over the rest of the exemption period:
  - ○ Average compensation needs to be at least that high relative to the county wage when first met; and
  - ○ Average wages (taxable income) received by those workers must equal or exceed the latest year's figure for the county average wage.

## What is the Certification Process?



Prior to beginning construction, improvements, or hiring at the facility, a business must submit a certification application to the local enterprise zone manager and county assessor who will approve the business for certification pursuant to the following two steps:

Step 1: The business and all local government sponsors of the enterprise zone enter into a written agreement for which Business Oregon will provide documentation of concurrent county eligibility. This local agreement determines the exemption period (seven to 15 years) and may specify additional requirements to be met by the business or facility.

Step 2: The county board of commissioners (and the city council, if within city limits) specifically adopts a resolution approving the property tax exemption.

## Special Note for Corporate Tax Credit



If local certification as described above occurred on or before June 30, 2018, a unique tax credit against state corporate excise taxes equal to 62.5 percent of gross payroll was allowed, for which credits are received over a five to 15 year period and may be each carried forward for five succeeding years. The credit may be used only against the tax liability relating to the facility, over and above an annual minimum payment of as much as \$1 million in state taxes. The corporation also needs to own the facility, and to begin claiming the credits at the latest by the tax year that starts in the third calendar year after the year when the facility is placed in service, using a special Department of Revenue form.

To receive these credits, the corporation would need to be approved by the Governor, who would also have set the length of time over which it could be used.

Property tax incentives are unaffected if the Governor does not grant the tax credit. If it is granted, corporate taxes collected by the state with respect to the facility are rebated to local taxing districts or zone sponsor, at up to 30 percent of the maximum for the minimum payment and of any excess tax liability relevant to and remaining after the tax credit.

### Contact



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### Additional Resources



Certification Application (/biz/Forms/form-or-ap-cert\_310-073.pdf)



County Eligibility Factors (/biz/Publications/ElgZoneChart.pdf)



Minimum Criteria Matrix (/biz/Publications/mincriteria.pdf)



Worksheet for Annual Criteria Verification (/biz/Forms/LTREZannlComplForm%20(1).pdf)

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