

HOW THE ENTERPRISE ZONE PROCESS WORKS

- Application for “authorization” is filled out and submitted to the local zone manager (Jim Hendryx) and must be approved before beginning any project work at the investment site.
- Investment cost must be \$50,000 or more, in total, for qualified “real property,” which includes all of the following:
 - Newly constructed buildings or structures
 - New additions or modifications to existing building/structure
 - Heavy/affixed machinery and equipment
 - For machinery or equipment that is “personal property”—i.e., readily movable and not affixed to real property—each individual item must cost: • \$50,000 or more, or • \$1,000 or more if used for electronic commerce in an *E-commerce* zone or *exclusively* for tangible production
 - Land, non-inventory supplies, rolling stock, vehicles and motor-propelled devices do *not* qualify.
- Business eligibility (business type—short-term exemption)
 - Enterprise zone policy focuses on “for-profit” business operations that do not compete significantly within the local economy, and that therefore will bring new income to the community. The crucial function of authorization is to ascertain such eligibility up front.
- Relocating into the zone
 - Beyond 30 miles—If operations at a particular site 30+ miles beyond the proposed site, permanently closes or curtails, and local jobs are reduced relative to the general workforce where site is located, then a firm transferring operations from site one site to another site it does not qualify.
 - Within 30 miles — If an authorized business firm moves operations from one site to another site within 30 miles of the original site (Salem to Woodburn), then by April 1 and during the first year of exemption, the number of employees within the zone *plus* those at the original site needs to equal or exceed 110 percent of the authorized annual average employment in the zone *and* at the original site. (If employees also are transferred into the zone from site W, they too are added to both sums.)

- First-Source Hiring Agreement is entered into prior to new hiring and must cover the entire exemption period.
- Work-in-Progress refers to qualified property at the enterprise zone site on January 1 that is not yet placed in service. County assessor must receive a filing by April 1.
- Exemption Claim with Property Schedule is filed with the county assessor and copied to the zone manager on or after January 1 but on or before April 1 of first year of exemption. {This first year of the exemption directly follows the year when qualified property is placed in service—in use or occupancy or otherwise ready for intended commercial operations.
- Exemption Claim must be filed each year of the exemption documenting compliance with the program criteria

What is exempt under the Enterprise Zone Program?

- Short term exemption on taxable property
 - Standard—100 percent (total) exemption from the property taxes normally assessed on significant new plant and equipment. Exemption lasts for *three* years after the property has been placed in service.

What about an Extended Abatement?

- The standard exemption can be lengthened to four or five consecutive years in total by the City Council.
- Business must pay added employees at 150% of County Average wages and benefits.

Work-in-Progress — qualified businesses have up to two years to make improvements - property is exempt for up to two years, while construction, installations, and so forth are ongoing (as of January 1).