

OREGON
Enterprise Zone and Electronic Commerce Overlay
Requirements and Benefits

Updated 6/13/13

Enterprise Zone

Business Requirements

1. Eligible Activities – Industrial Zoning
 - a. Manufacturing
 - b. Assembly
 - c. Fabrication
 - d. Processing
 - e. Shipping
 - f. Storage
 - g. Call Center
 - h. Headquarters Facility
 - i. E-Commerce – Added to specific zones & North Plains

Hiring

1. 10% increase in employment within the zone
2. New employment must be maintained through the life of the benefits

Investment

1. Real Property > \$50,000
 - a. New Building or Structure
 - b. New Addition or Modification
 - c. Heavy of Fixed Equipment or Machinery
2. Personal Property Item(s) costing:
 - a. Personal Property per Item > \$50,000
 - b. Personal Property used exclusively > \$ 1,000
for tangible production per item

Business Benefits

1. 3 year property tax exemption on capital improvements
2. 5 year property tax exemption on capital improvements if average compensation for new hires is greater than 150% of Average Wage Level for **Jackson County \$52,722 and Josephine County \$46,842**

Electronic Commerce Overlay (Applicable to all Enterprise Zones)

Business Requirements

Eligible Activities - Electronic Commerce means the following in terms of a business investment or business activity, such that it:

1. Must involve dealing with customers, suppliers, clients, or other transactional entities external to the eligible business firm, predominately by means of:
 - a. Direct internet use; or
 - b. A computer network that utilizes the Internet as a platform.
2. Must entail, support or relate to the sale or purchase of goods, property or services, or business-to-business, retail or comparable basis, in addition to paragraph 1 above.
3. May include facilities, equipment, services, network, or software that are produced, operated or supplied by a third party, who facilitates, fosters or makes possible business transactions by means of Electronic Commerce consistent with paragraphs 1 and 2 above. Such third party may be a qualified business firm for the purposes of tax abatement.
4. Is not limited to the initiation or consummation of the sale or purchase or of any arms length exchange, but may include a significant element of the transaction's overall completion or delivery that:
 - a. Is conducted predominately by means of Electronic Commerce, as described in this rule, such as customer service, technical support, claims processing, client evaluation, performance measurement, and so forth, even if the actual sale, purchase or contract was initiated or consummated through other means; or
 - b. Naturally serves, underpins or arises from the sale or purchase of goods, property, or services predominately by Electronic Commerce, as otherwise described in this rule, including but not limited to the following; customer support, distribution, made-to-order, assemblage, shipping, warehousing, warranty service or any similar operation.
5. As used in Administrative Rule, "Predominately" means that the share of applicable sales-based activity represented by Electronic Commerce exceeds 50%, as measured by:
 - a. Receipts
 - b. Number of orders
 - c. Clients served
 - d. An equivalent qualitative determination

Hiring

1. 10% increase in employment in the zone
2. New employment must be maintained through the life of the benefits

Investment

1. Real Property > \$50,000
 - a. New Building or Structure
 - b. New Addition or Modification
 - c. Heavy of Fixed Equipment or Machinery
2. Personal Property Item(s) costing:
 - a. Personal Property per Item > \$50,000
 - c. Personal Property used exclusively > \$ 1,000
for tangible production per item

Business Benefits

1. Enterprise Zone Property Tax Exemption on Capital Investment plus Income Tax Credit
2. 25% Income Tax Credit on Investments in Electronic Commerce up to a maximum of \$2 million. The Tax Credit must be earned in a year in which the business receives an Enterprise Zone property tax exemption.
3. Unused Income Tax Credit from the first year may be carried forward for an additional 5 years.

Enterprise Zone Contacts:

Zone Manager For the Following Enterprise Zones:

Grants Pass Area
Josephine Champion
Medford Urban
Jackson County Rural (Including City of Rogue River, Butte Falls, White City)

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