

BUSINESS INCENTIVE: Strategic Investment Program

Exempts a portion of large capital investment from property taxes

The Strategic Investment Program is available statewide for projects developed by “traded-sector” businesses, such as manufacturing firms. “Traded sector” is defined in Oregon law as “industries in which member firms sell their goods or services into markets for which national or international competition exists.”

Depending on certain factors, like investment size, the Strategic Investment Program can offer exceptional benefits in terms of net present value.

BASIC ELEMENTS FOR PRIVATE INVESTORS

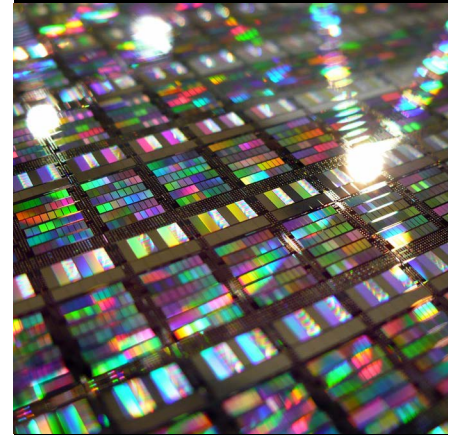
- Project must either receive local approval through a custom agreement with county/ city or tribal government or be located in a pre-established ‘Strategic Investment Zone’ (SIZ)
- The 15-year exemption is on project property greater than the threshold amount—only the assessed value under the threshold is taxed.
- The exemption threshold value then rises 3 percent/ year during the exemption period
- Threshold starts at \$100 million for locations inside the current urban growth boundary of a metropolitan area or city with 40,000 or greater population
- Elsewhere, the threshold starts at \$25 million if the total investment is \$500 million or less, and at \$50 million if project costs are between \$0.5 and \$1 billion.
- A community service fee is paid each year to local public service providers
- This fee equals 25 percent of each year’s tax savings, but it is capped at an annual maximum of \$2.5 million (outside SIZ)
- Additional local requirements may apply

BENEFITS BOTH COMMUNITY AND COMPANY

- Even with the community service fee, SIP represents a tremendous incentive for substantial investments, and the chance to more rationally tax exceptionally large capital facilities
- It offers an excellent forum to solidify local community support for an otherwise special project
- The new taxable property value alone still represents extraordinary public revenue—not to mention corporate and personal income tax collections
- Characteristics of typical SIP projects are as follows:
 - Exceptional capital outlays for technology and research
 - Large dollar investment per employee
 - Well-trained, well-compensated workforce
 - Major indirect effects on suppliers and other parts of the economy
 - Low impact on direct public services per \$ invested

OUR MISSION

We invest in Oregon’s businesses, communities, and people to promote a globally competitive, diverse, and inclusive economy.



BUSINESS OREGON

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