



From the

SED COR EXPRESS

ECONOMIC AND BUSINESS DEVELOPMENT UPDATE

August, 2006 - Vol. 9 No. 8

City of Salem Selected for Electronic Commerce Enterprise Zone Designation



The City of Salem is one of five cities that were recently chosen for an **Electronic Commerce Enterprise Zone** designation. This brings the total to nine for Oregon's nearly fifty enterprise zones that receive special status to encourage electronic commerce, or "E-commerce" investments. The formal announcement will be forthcoming.

The City Council authorized staff to apply for the Electronic Commerce (EC) Zone designation in March of this year. The EC Zone designation expands on the property tax exemption available through an enterprise zone and provides qualifying business firms with a limited tax credit against the firm's annual state income or excise tax liability. The income or excise tax credit offered through the EC Zone does not require subsequent local approval once the EC Zone is designated. The credit itself equals 25 percent of the firm's capitalized investment, up to \$2 million, in operations related to electronic commerce during a given tax year. The tax credit may be carried-over for a five-year period.

The City still has one "perfunctory" step to complete which is to file a final application form. A Director's Order from the Oregon Economic and Community Development Department should be received within two weeks. This will complete the process.

"Electronic Commerce" means engaging in commercial or retail transactions predominantly over the Internet or a computer network, utilizing the Internet as a platform for transacting business, or facilitating the use of the Internet by other persons for business transactions.

The economic benefits of the program serve as an incentive for economic development and has been tested by the four existing EC Zone communities. The success of the program is exemplified by the Oregon Legislature's action to expand the program from four to ten EC Zones.

In addition to expanded eligibility of business operations, the type of personal property equipment and machinery that qualifies for the exemption also is more broadly defined. Usually, such property that costs less than \$50,000 per item qualifies only if used in the production of tangible goods. In the case of an E-commerce enterprise zone or community, using it in electronic commerce alone suffices for the exemption.

For more information contact the Oregon Economic and Community Development Department at 503-986-0123 and ask for the Enterprise Zone Coordinator or the City of Salem Urban Development Department at 503-588-6178. ☎



SED COR

Strategic Economic Development Corporation

745 Commercial St. NE • Salem, OR 97301 • 503-588-6225 • Fax 503-588-6240 • www.sedcor.com