

APPLICATION PROCESS

To receive investment incentives, an eligible business must file an Enterprise Zone Precertification Form with the local zone manager before it makes an eligible investment and hires new employees.

After the investment is completed and the employees hired, the precertified business files its tax exemption application with the County Assessor after January 1 and no later than April 1 of the very next year. Review of the application is based on the provisions of the Oregon Enterprise Zone Act and Oregon Department of Revenue administrative rules.

COMPLIANCE

An Annual Statement of Compliance must be filed with the appropriate county assessor's office.

PROPERTY TAX EXEMPTION DURING CONSTRUCTION

Under a separate program, companies may obtain a tax exemption for commercial or industrial property under construction for a period of up to two years (see ORS 370.330). Otherwise, property may be assessed and taxed during construction based on the percentage completion of the building. New buildings, additions or machinery and equipment qualified as real property are eligible for tax exemption during construction.

The firm must invest in qualified property. The property may be owned or leased by the firm. The property must be completed or installed by January 1 of the tax year prior to application. The property must also be in use or occupied not later than April 1 of the tax year in which the application is made.

ONE-STOP PERMIT APPLICATION CENTER (PAC)

The City of Salem operates a one-stop permit application center where most approvals required for commercial or industrial developments can be obtained within two to three weeks. The Permit Application Center (PAC) has a joint departmental team that meets biweekly to review development applications. Under this program, staff will green-tag all new developments within the Enterprise Zone for special handling.

REDUCED PERMITS FEES

The City of Salem will rebate 10% of all the fees paid by qualified companies for the following permits:

- Water Fees
 - Water Permit Fees
 - Meter Fee
 - Water Connection Fee
- Sewer Fees
 - Sewer Permit Fee
 - Sewer Tap Fee
 - Sewer Connection Fee
- Fire Tap Fee
- Building Permit/Fees
 - Plan Check Fee
 - Electrical Permit Fee
 - Mechanical Permit Fees
 - Plumbing Permit Fees
 - Building Permit Fee
 - Driveway Approach
 - Sidewalk Permit
 - Building Storm Sewer Permit

Salem, Oregon's Enterprise Zone

FOR FURTHER INFORMATION, CONTACT:



SED COR

Strategic Economic Development Corporation
745 Commercial Street
Salem, OR 97301
Tel (503) 588-6225
Fax (503) 588-6240
E-mail info@sedcor.com
Web www..sedcor.com

For Marion County portion of Salem:

Marion County Assessor
Courthouse Square, 555 Court Street NE
Salem, OR 97301
Tel (503) 588-5144
Fax (503) 588-7985

For Polk County portion of Salem:

Polk County Assessor
Polk County Courthouse
Dallas, OR 97338
Tel (503) 623-8391
Fax (503) 831-3015

Salem, Oregon's Enterprise Zone

PROGRAM DESCRIPTION

The program has two objectives:

1. to encourage industrial expansion, and
2. to generate and retain full time jobs in Oregon.

Qualified firms may obtain a 3-year, 100% property tax exemption and a 10% rebate of all building and permit fees (see "Reduced Permits and Fees.") Only new facilities or improvements in the zone are eligible for tax exemption. All projects must be constructed within the Salem Enterprise Zone boundary. In order to qualify, both the business and the property must be eligible.

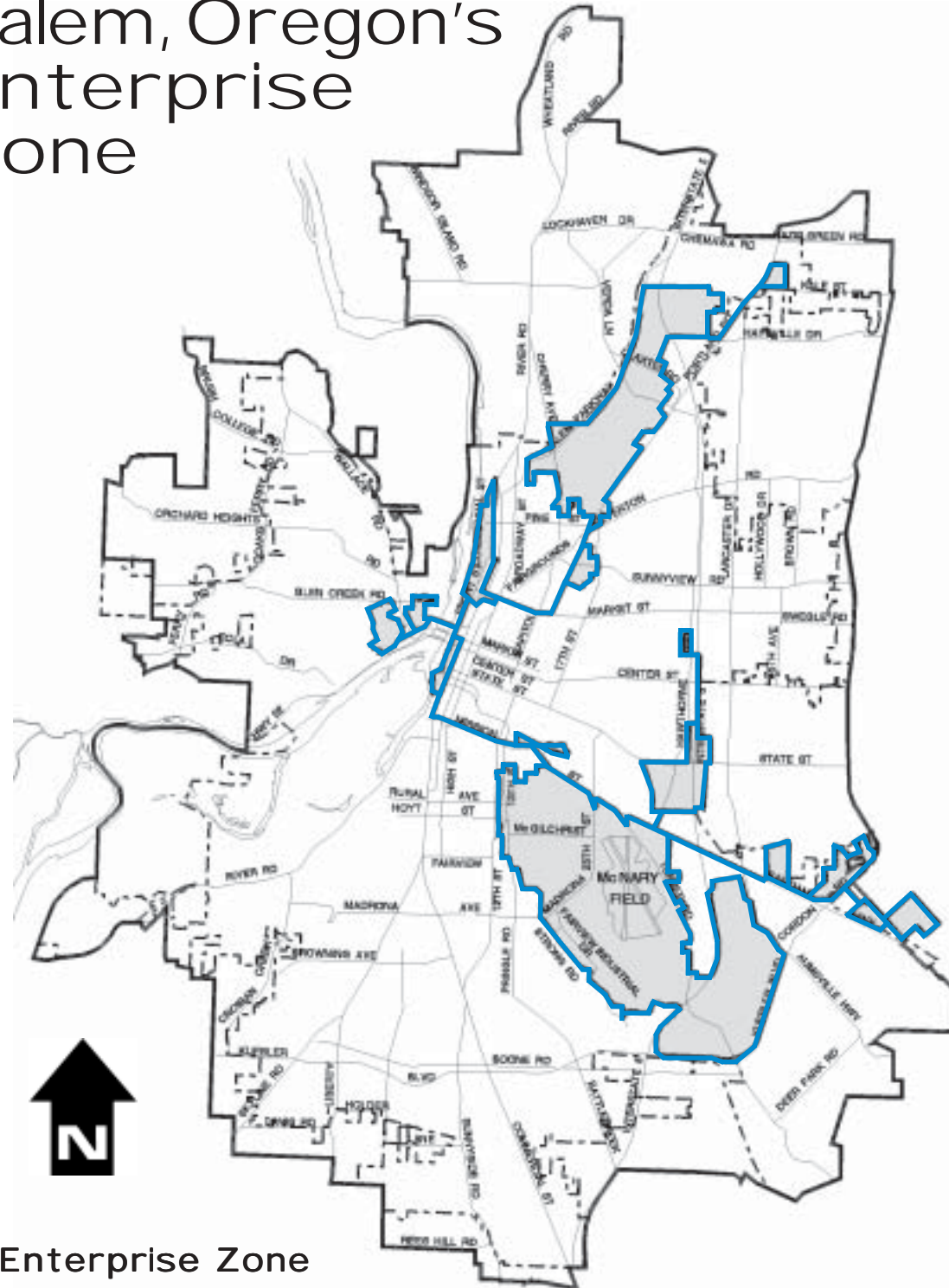
ELIGIBLE BUSINESSES

- To qualify, a firm must receive at least 75% of its revenue by providing goods, products or services to other businesses through activities such as manufacturing, assembly, fabrication, processing, maintenance, distribution and warehousing, or bulk handling of clerical tasks or after sales technical support.
- The firm must make an investment in qualified property that is new to the zone. If the firm is a new business, the firm must hire one or more employees to work within the Enterprise Zone after precertification.
- Expansion of an existing business must increase employment at least 10%; only full-time, year-round employees are counted. An existing firm in an enterprise zone may qualify for the tax exemption without a 10% expansion in employment, if the firm completes an investment of \$25 million or more in qualified property, subject to City Council approval.
- The firm must sign a “First Source Agreement” with the State Employment Department (605 Cottage Street NE, P.O. Box 751, Salem, OR 97308). The agreement requires the firm to consider qualified applicants referred by the Department.

INELIGIBLE BUSINESSES

- Firms within the Enterprise Zone that receive 25% or more of their annual gross receipts from the sale of goods or services to the general public for household or personal consumption.
- Firms engaged in business activities such as retail sales or service, lodging, child care, housing, retail food service, health care, tourism, entertainment, financial services, leasing space to others, property management, construction or other similar activities.
- A business may not be qualified to receive a property tax exemption if the firm closes or permanently curtails operations in another part of the state more than 30 miles from the nearest boundary of the Salem Enterprise Zone.

Salem, Oregon's Enterprise Zone



ELIGIBLE PROPERTY

A minimum total investment of \$25,000 in one calendar year for all qualifying property.

- New buildings or structures.
- Additions to existing buildings or structures.
- An increase in value from modification (renovation, remodeling or modernization) of an existing building or structure.
- Newly purchased, leased or transferred machinery and equipment.
- Real property, machinery or equipment.
- Personal property with a value of \$1,000 or more used exclusively for producing tangible goods.
- Personal property with a value of \$50,000 or more, regardless of use, except self-propelled motorized vehicles.

Any machinery or equipment which is transferred into the Enterprise Zone must be from outside Marion and Polk Counties in order to qualify for tax exemption.

If the property is leased by a qualified business, the qualified business must be required by the terms of the lease, to pay or compensate the owner for the entire amount of property taxes assessed against the leased property during the lease term.

INELIGIBLE PROPERTY

- Land
- Self-propelling motorized vehicles (car, truck, forklift, tugboat, airplane).
- Property already used or occupied in the Enterprise Zone.
- No exemption shall be granted for any qualified property unless the property was in use or occupied in the assessment year immediately following completion of construction, addition, modification or installation.