

City
of
Tigard



Respect and Care | Do the Right Thing | Get it Done

SUPPLEMENTAL PACKET
FOR 2-18-2014
(DATE OF MEETING)

Enterprise Zone For Tigard

City Council

February 18, 2014



Enterprise Zone: Policy becomes an Economic Development Tool

- **Groundwork:** Partnership with Business Oregon, local taxing districts, and potentially Beaverton.
- **Business Assistance:** Direct incentive to invest and increase employment for existing Tigard businesses.
- **Innovation:** In the State of Oregon this is the primary tool cities use to encourage business growth and expansion. The program rewards performance.

Enterprise Zone: Overview

- ▶ Oregon Enterprise Zones began in 1986.
- ▶ Temporary property tax abatement on **new** investment.
- ▶ Private investment , **job creation** and **economic hardship**.
- ▶ Zone terminates after 10 years, but may be renewed.

“Intended to offer tax and other incentives to induce additional investment and employment by non-retail businesses in areas meeting certain measures of economic hardship.”

Enterprise Zone: Overview

- ▶ Encourages investment in new employees, buildings, facilities and equipment.



Enterprise Zone: How it Works

- ▶ Defined area(s) up to 12 square miles.
- ▶ Geographically tied to areas of **economic hardship**.
- ▶ Exemption is **temporary**, lasting 3 or 5 years.
- ▶ Primary beneficiaries: **manufacturing and industrially oriented facilities** serving other businesses --“Traded Sector”.
- ▶ Not available for: Retail, Banks, Healthcare, Construction
- ▶ Business must **increase employment** by 1 job or at least 10%.

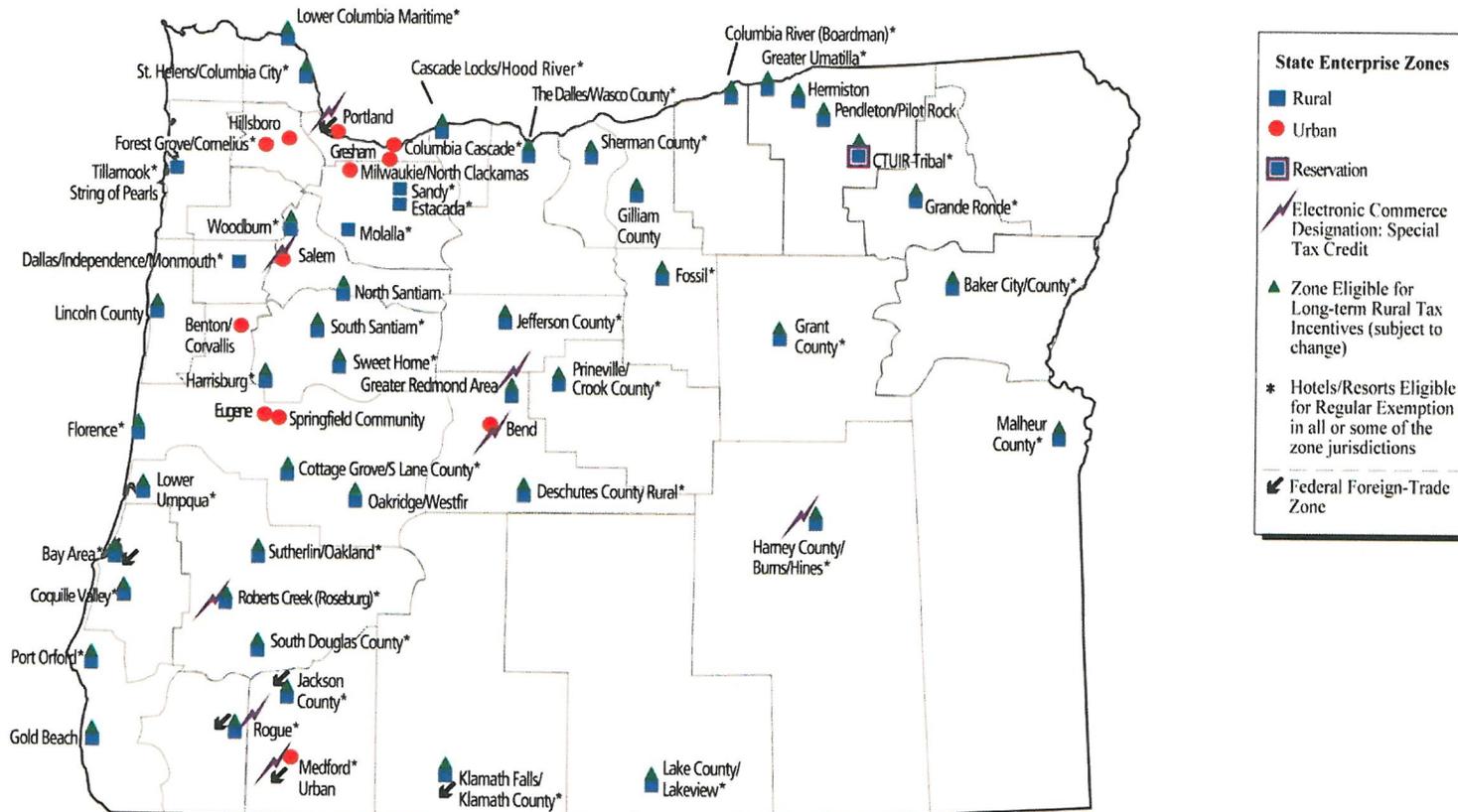
“Effectiveness is due to a typically short-term but immediate benefit for the business project’s cash flow.”

Enterprise Zone: What it Does

- ▶ Induces *additional* private-sector investment and jobs by signaling *a receptive business climate* in Tigard.
- ▶ Encourages Tigard based entrepreneurs to *grow in targeted parts* of the City.
- ▶ Expands *employment*—*projects are required to add one new, full-time job or increase by 10 percent.*
- ▶ Helps targeted areas in Tigard *overcome economic hardship.*
- ▶ Attract investment and facilities that would move or locate outside of Oregon and the City of Tigard.

Oregon Enterprise Zones

July 2010



Graphic from Business Oregon: EZ snapshot 2010

Enterprise Zone: What Type of Business?

- ▶ **163 Business Participated in 2010.**
- ▶ *First Call Resolution* call center in Roseburg
 - ▶ \$350,000 in capital improvements
- ▶ *Rogue Valley Micro Devices* clean room in Medford
 - ▶ \$500,000 1,000 SF class 100 clean room
- ▶ *Golden Temple* natural foods production facility in Eugene
 - ▶ \$12 million expansion and \$180,00 in tax exemptions.
- ▶ *Garmin* \$14 million expansion of 62,00 sf in Salem

“The objective is to incentivize not subsidize new development by traded sector industries that is, not firms competing locally in retail services.”

Enterprise Zones: Local Examples

- ▶ **Genentech** biopharmaceutical facility in Hillsboro
 - ▶ 275 jobs on 75 acres with \$419 million invested.
- ▶ **TriQuint Semiconductors** in Hillsboro
 - ▶ \$30 million upgrade to manufacturing facility and new construction of 4,500 s.f. increased employment by 175.
- ▶ **Precision Castparts Corp.** in Milwaukie/North Clackamas
 - ▶ \$25 million investment in facilities and new machinery.
- ▶ **Widmer Brewing** in Portland
 - ▶ Created 41 new full-time jobs with a \$25 M investment.
- ▶ **Service Steel** in Portland
 - ▶ Added 10 new jobs and a \$1.7 million investment.

Enterprise Zones: Fiscal Considerations

2009-2010 Example of Relevant Participating Cities

| City | Projects | Total Invested | Abated Prop Taxes | Jobs Added |
|-------------|----------|----------------|-------------------|------------|
| Portland | 21 | \$249.3 M | \$3,507,068 | 1,462 |
| Springfield | 4 | \$72.3 M | \$1,025,617 | 290 |
| Milwaukie | 5 | \$23.3 M | \$342,742 | 545 |

The Oregon Legislative Revenue Office estimated that property taxes are directly recouped on their own accord, *within about seven years, following the exemption.*

http://www.leg.state.or.us/comm/lro/2009_session/entr_prz_zones_sb151.pdf

“More than \$1.5 billion in value added to tax rolls in Enterprise Zones state wide from 1988 to 2004 (first 17 years of program operations).”

Zone Scenarios: Targeted or Inclusive

Targeted Zone:

1,012 acres

71 buildable lands

227 underdeveloped properties

33 estimated candidate businesses



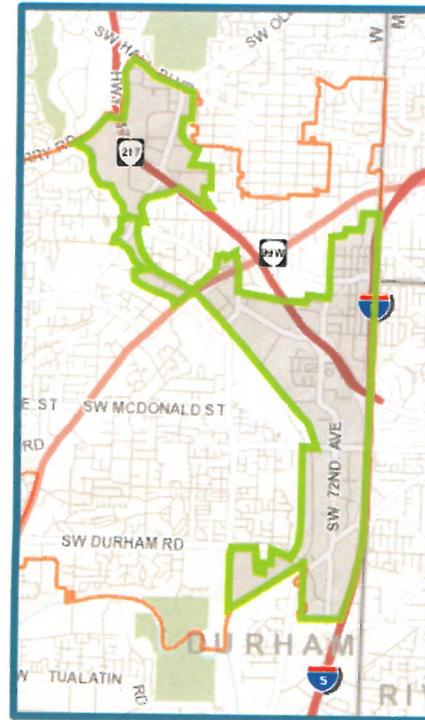
Inclusive Zone:

1,598 acres

80 buildable lands

315 underdeveloped properties

61 estimated candidate businesses



Enterprise Zone: Relevant Tigard Businesses

- ▶ Examples of Tigard companies that could participate:
 - ▶ *Manufacturers, shippers, processors, call centers, headquarters.*

| | | |
|---------------------|-------------------|------------------|
| Rogers Machinery | Williams Controls | Frye Electronics |
| Fought & Company | Poly Cast Inc. | Comcast |
| Consolidated Supply | Apex Industries | Chem West |
| Barrier Corporation | Capital One | LaCie |
| Scratch & Grain | Axiom EPM | Bioject |
| Gerber Gear | Vesta Corporation | Sensoray |
| Magno-Humphries | Cognex | Stash Tea |

“...typically involves companies already operating in the zone...a business that outgrows its space a needs to move.”

Decision Points:

1. Enterprise Zone Boundaries
2. Create New Tigard Zone or Cosponsor (share) with Beaverton?

Process and Next Steps

- ▶ Jan – Feb Define potential zone and confirm eligibility
- ▶ February 18th Tigard City Council Workshop
- ▶ Feb 25th Tigard City Council Joint Meeting with Beaverton
- ▶ March 12th Port of Portland Consent to Tigard Enterprise Zone
- ▶ March 12th Meeting to consult with taxing districts
- ▶ March 25th Tigard City Council Meeting to consider resolution
- ▶ April 11th Application due.