



## PROJECT EXAMPLE

A technology company is considering expanding its operations in either Oregon, California or Asia, but needs to offset some costs of the project.

The company expansion plan will increase employment by 136, with an average wage of \$66k with benefits.

The company's expenses are not eligible for any other broad incentive packages.

BEP provides \$900k (estimated 2 years of new tax revenue) to help the company expand.

The state's General Fund is projected to receive more than \$2M in revenues over a 5-year period from the income taxes generated from the new jobs.

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## BUSINESS INCENTIVE: Oregon Business Expansion Program

This new incentive program is available to existing companies expanding operations in Oregon or new companies coming in to the state. The **Oregon Business Expansion Program (BEP)** is a cash incentive based on the estimated increase in new personal income tax revenue resulting from the new hires from the expansion or relocation project.

### Program Eligibility

- Company plans to hire 50+ new employees in Oregon
- Company has 150 or more employees at time of eligibility
- Employee wages are 150% above state average or county average, whichever is less
- Company must be in a traded-sector industry
- Excludes retail businesses
- Program can be used for corporate headquarters

### Program Administration

- Program is administered by Business Oregon with oversight by the Oregon Business Development Commission
- Company must meet and maintain employment and wage targets for three years or face clawback provisions
- Contract also includes a 'but-for' clause, stating the company could not carry out the expansion but for the incentive
- Language ensuring company doesn't layoff employees and hire 'new' employees just to receive benefit
- Company engages in local consultation to use local vendors

### Program Mechanics

- Program is capitalized with Lottery Funds (up to \$4M for 2011-13 biennium)
- Award is based on 2 years (at full operation) of estimated new personal income tax revenue to the state
- As amended, there is no negative revenue impact to the state's General Fund. All income tax revenues generated from the new hires associated with BEP projects are returned to the General Fund to support critical state services.