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*Business Oregon is the lead economic development agency of the state of Oregon*

## Strategic Investment Program

### Exempts a portion of large capital investment from property taxes

The Strategic Investment Program exempts a portion of large capital investments from property taxes. The program is available statewide for projects developed by “traded-sector” businesses, most often used for 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 the investment size, the Strategic Investment Program can offer exceptional benefits in terms of net present value.

#### Basic Elements for Private Investors

- Available statewide for a project by any traded-sector business, including manufacturing
- Exemption on project property lasts for 15 years
- The project’s first-year real market value greater than \$25 million is exempt—i.e., only the assessed value of property under this threshold is subject to property taxes
- The exemption threshold value then rises 3 percent/year during the exemption period
- Threshold starts at \$100 million for locations inside the urban growth boundary (as of December 1, 2002) of a metropolitan area or city with 30,000 population
- 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 \$500,000 (\$2,000,000 in the case of an urban location)
- 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’
- Additional local requirements may also apply

#### Benefits Both Community and Company

- Even with the community service fee, SIP represents a tremendous incentive for large investments, and the chance to more rationally tax large capital facilities
- Depending on the investment size, it can offer exceptional benefit in terms of net present value and 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

