

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Staff Presentation Worksheet

Presentation Date: August 11, 2009

Time: 3:15pm

Length: 15 minutes

Presentation Title: Renewable Energy Enterprise Zones & Strategic Investment Zones

Department: Business and Community Services – Business and Economic Development

Presenter: Gary Barth

POLICY QUESTION

Does the Board of County Commissioners support staff efforts in developing a Rural Renewable Energy Development Zone program and Strategic Investment Zone program?

ISSUE & BACKGROUND

The Business and Economic Development Team wanted to make the Board aware of a couple of new business incentive options that might be worth pursuing. Both are property tax abatement programs that encourage high wage job creation and capital investment. The programs are:

- **Rural Renewable Energy Development Zone**
 - Provides a 3 to 5 year property tax incentive for renewable energy businesses outside Metros Urban Growth Boundary
- **Strategic Investment Zone**
 - Provides a 15 year property tax incentive for large capital investments in defined geographic “zones” in the County.

Rural Renewable Energy Development Zone

Given the County’s strong interest in sustainability and alternative energy staff believes this designation is worth pursuing. Recently we were approached by a solar company interested in locating a 12 acre solar farm in Clackamas County which is the type of business that would take advantage of this program if it were available.

Highlights of the RRED Zone include:

- 3 to 5 year property tax exemptions.
- Encourages investments that harness wind, geothermal, solar, biomass, ocean waves or other unconventional forms of energy in Oregon.
- The exemption is the same as the three-to-five year exemption in an enterprise zone, with the exception being a market value cap up to a total maximum established within that particular zone.
- Eligible zone projects must meet business firm and property qualifications for the energy zone exemption and must involve the generation of electricity from a "renewable energy resource" or the manufacture, storage or distribution of biodiesel, ethanol or similar fuels made from applicable inputs.

A Rural Renewable Energy Development Zone program is established and administered in the same manner as our current Enterprise zones. Setting up the program would take an estimated 2-3 months to complete and include the following steps:

1. Outreach to affected taxing districts
2. A public hearing before the Board of Commissioners (and City Councils as appropriate)
3. Adoption of a resolution and zone map by the county (and any rural city partners)

4. An application to the Oregon Economic and Community Development Department.

Possible co-sponsors for this program would be Canby, Sandy, Estacada, and Molalla.

Strategic Investment Zone

The State's Strategic Investment Program (SIP) provides property tax exemptions for portions of large capital investments for facility improvements and new machinery & equipment by traded sector businesses.

A Strategic Investment Zone (SIZ) is a "pre-established" zone that provides for consistent criteria and a streamlined SIP process. This provides greater certainty to new or existing companies versus a stand-alone Strategic Investment Program application and local approval process. Highlights include:

- 15 year property tax abatements to any "traded-sector" business, including manufacturing
- Applies to large capital investments (\$25-million minimum in rural areas, \$100 million in the Metro UGB).
- Companies pay a community service fee of 25% of the tax savings per year to local public service providers to offset community impacts. The community service fee is capped at an annual maximum of \$2 million in urban areas or \$500,000 in rural areas.
- The company can also be required to meet any additional local requirements outlined in the SIZ.
- As noted, a SIZ offers more predictable criteria and a streamlined approval process that provides greater certainty to qualifying businesses similar to that provided by an Enterprise Zone,

Possible city partners for this program that have larger industrial areas that could support substantial capital investments include Wilsonville, Lake Oswego, Milwaukie, Happy Valley, Oregon City and Damascus.

QUESTION(S) PRESENTED FOR CONSIDERATION

1. Should the County pursue the REDD Zone designation to provide tax abatement incentives for alternative energy production in rural Clackamas County?
2. Should the County also evaluate establishing a geographically defined Strategic Investment Zone(s) for Clackamas County?

OPTIONS AVAILABLE

1. To implement the RRED Zone program
2. To implement the SIZ program
3. To implement both the RRED Zone and SIZ programs
4. No action

RECOMMENDATIONS

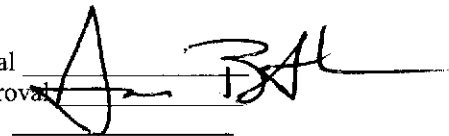
Staff respectfully recommends option 3.

SUBMITTED BY:

Division Director/Head Approval _____

Department Director/Head Approval _____

County Administrator Approval _____



For information on this issue or copies of attachments, please contact Emily LaLonde @ 503-742-4329