

Appendix E

Oregon Incentives for Industry Development

The state of Oregon offers several incentives for industry development that could apply to an ethanol facility. A list of state incentives follows.

Business Energy Tax Credit Program. Current law provides a 35-percent tax credit for renewable energy investments. Recent legislation removed the \$40 million limit on the annual amount of total projects qualified for the credit program and replaced it with a maximum of \$10 million qualified cost per project each year.

Energy Facility Siting Process. Senate Bill 1264, which passed the 1999 legislative session, declares that small ethanol production and other biomass facilities producing a fuel product capable of being burned to produce the equivalent of less than 6 billion BTU per day are not subject to the siting process of the state Energy Facility Siting Council. This would equate to a cellulose ethanol facility of about 28 million gallons per year. The Bill also included an exemption for certain ethanol facilities proposed for industrial zones that produce fuel from grain, potatoes or whey. To qualify for the exemption, the facility must meet certain criteria; however, there is no capacity limitation.

Small Scale Energy Loan Program. Senate Bill 1264 simplified the process for renewable energy projects to receive low interest loans from the Small Scale Energy Loan Program. Any business operating in the state is qualified for the loan program. Existing renewable energy facilities qualify for financing for an energy improvement or energy project expansion. This legislation allowed greater flexibility in using lease/purchase agreements where public agencies are involved.

Property Tax Exemptions. Oregon offers incentives for new businesses and property tax exemptions. The Oregon Enterprise Zone Program offers incentives for businesses to create new jobs by encouraging business investment in economically lagging areas of the state. Locating a facility in this zone would allow new construction and most of the equipment installed a 100-percent property tax abatement for a minimum of three years. Thirty-seven areas in Oregon have been designated as enterprise zones.

The Enhanced Enterprise Zone Program was developed to spur major industrial investments in rural areas of the state with high rates of unemployment. The incentive provides 15 consecutive years of full relief from assessment of all local property taxes at the investment site. Credit equal to gross payroll is applied against state corporate income tax liabilities.

New commercial facilities are exempt from property taxes while they are under construction and may continue the exempt status for two years if they are manufacturing projects.

Financing. Revolving loans and bonds are available through the Oregon Economic Development Department. The purpose of these loans is to facilitate the creation of employment. Other programs are in place to increase the availability of loans from banks.

Tax Credits. Oregon provides tax credits to companies that meet or exceed the EPA and Oregon Department of Environmental Quality clean air requirements. The research tax credit

applies to qualified research expenditures and is equal to 5 percent of the increase in qualified research expenditures.

Project Development Assistance. The Special Public Works Fund provides Oregon Lottery money for public infrastructure supporting business development projects that create or retain jobs. Eligible applicants include water and sewer districts, cities and counties. If a site under serious consideration needs additional infrastructure, this fund can provide the resources for such improvements.