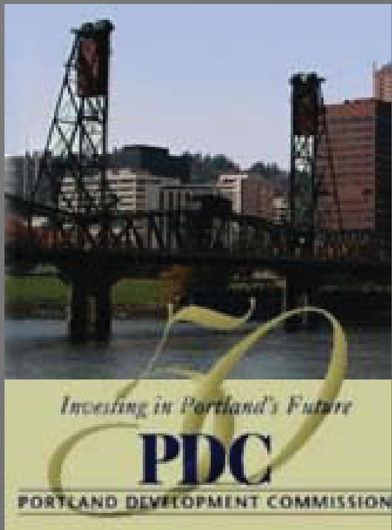


A Supplemental Tool for
Portland’s Existing Enterprise Zone

ELECTRONIC COMMERCE DESIGNATION

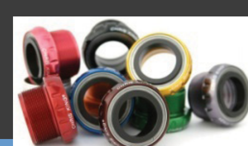
APRIL 15, 2009

Presentation Components

- Purpose of Today’s Action
  - Authorize PDC Application to State of Oregon
- Overview of Enterprise Zone Program
  - Boundaries/Performance
  - Benefits/Financials
  - Compliance Monitoring
- Electronic Commerce Benefits

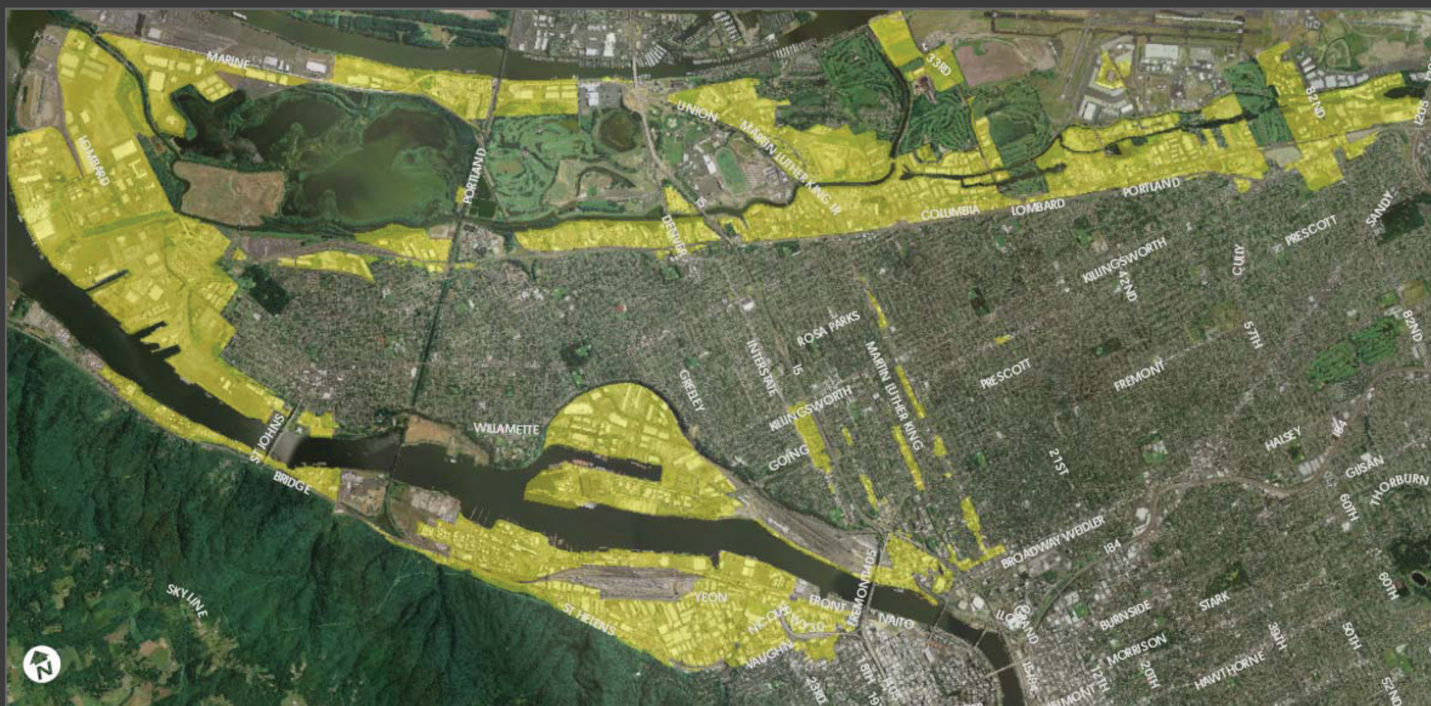
Enterprise Zone
Overview

- Property tax based State program intended to spur industrial investment in exchange for job growth and related benefits. Companies receive a 5-year abatement on taxes associated with the assessed value of the new investment
  - Existing companies must increase employment by 10 percent.
  - New companies must retain at least 15 percent of the peak employment during the exemption period or not fall below 50 percent of peak for more than one year.
  - Additional company requirements exist related to wage levels, hiring retention and local procurement.
  - Larger investments may require transit pass and child care subsidies for employees.



Portland’s Enterprise Zone

Boundaries/Performance (1994-2008)



- 50 companies
  - 20 newly located
  - 30 expanded
- Over $994 million in private investment
  - $53 million in estimated abated property taxes
- Over 5,000 jobs
- Over $5 million in community contributions

Enterprise Zone
Compliance and Penalties

- Annual Compliance must be met to continue receiving annual exemptions.

- Penalties may apply if compliance verification is not met by August 30. County Assessor and PDC enforces penalties.

  - Examples of Non-Compliance:
    - Did not hire 10% during first year of abatement
    - Did not retain 50% of new hires for two consecutive years ($5,000 per employee)
    - Failure to meet job quality
      (one year worth of tax exemption)

Electronic Commerce Overlay

How it works/What it does

- Benefit Mechanism: Income Tax Credit
- Eligible Uses: Any use related to electronic commerce (Server rooms, software, etc.)
  - Expanded definition of investments eligible for Enterprise Zone benefits.
  - Test: Those who conduct 51% of their business through the means of electronic commerce.
- Duration/Terms: Lesser of $2 million or 25% of investment
- Corporate income or excise tax credit for five years on new investment in the E-Commerce Zone.

Questions/ Public Testimony

Electronic Commerce

&

Enterprise Zones

Keeping Portland Competitive
and Creating Local Job Opportunities