

BEFORE THE BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

**RESOLUTION NO. 08-153**

Approving the Gresham Strategic Investment Zone #1 Intergovernmental Agreement; Adopting the Gresham Strategic Investment Zone #1 Policy; and Submitting a Request to the Oregon Economic and Community Development Department for Designation of the Zone

**The Multnomah County Board of Commissioners Finds:**

- a. The County competes with local, national and foreign jurisdictions to attract capital-intensive property investments. Industries requiring capital-intensive investments are desirable to the County because such industries invest heavily in developing the skill levels of their employees, pay their employees well, and contribute in other ways to the economic development of a region.
- b. Under Oregon's tax structure, capital-intensive businesses are subject to disproportionately high property taxes when compared to typical production facilities and this tax burden is a factor in such industries' consideration of location and expansion in Oregon.
- c. In 1993, the Oregon Legislative Assembly established the Strategic Investment Program (SIP) in order to encourage additional investment and employment within the State by capital-intensive businesses.
- d. Multnomah County has implemented the SIP previously through its Strategic Investment Program Policy. The City of Gresham was a party to those prior actions.
- e. In 2005, the Legislative Assembly enhanced the SIP by establishing the Strategic Investment Zone (SIZ), the creation of which is prescribed in ORS 285C.623 to 285C.626 and in rules established by the Oregon Economic and Community Development Commission and the Oregon Department of Revenue. While certain characteristics of the SIZ are consistent with its predecessor, the SIP, additional benefits make the SIZ particularly attractive to capital-intensive Business Firms as well as local jurisdictions. The characteristics and benefits of the proposed Gresham SIZ #1 include:
  - (1) SIZ Tax Abatement. Business Firms with a project in the Gresham SIZ #1 pay full property taxes on the first \$100 million invested. Taxes on the value of property in excess of that amount are abated, however, the \$100 million cap increases by three percent (3%) each year. SIZ Tax Abatement is limited in duration and will not exceed 15 years.
  - (2) Community Services Fee (CSF). Business Firms receiving SIZ Tax Abatement must pay an annual fee, known as the Community Service Fee, equal to the lesser of 25 percent of abated taxes or \$2 million. This fee is shared among certain specific local taxing authorities within the Gresham SIZ #1.

- (3) Additional Payment. Additional payments can be required of Business Firms receiving SIZ Tax Abatement. This payment is shared among the local taxing authorities that receive Community Service Fee payments.
  - (4) Income Tax Payment. The State will distribute fifty percent (50%) of the personal income tax revenue attributable to the Gresham SIZ #1 to the required local taxing authorities according to the agreed upon distribution of Community Service Fee payments.
  - (5) Community Enhancement Fund. A portion of the Community Service Fees, Additional Payments and Income Tax Payments will be distributed to the Community Enhancement Fund established for the Gresham SIZ #1. The fund will be managed by representatives of the co-sponsors of the zone. The other required local taxing authorities receiving Community Service Fee payments will be consulted about expenditures from the Fund. The purpose of the fund is to provide for coordinated community services support relating to the impacts and needs of projects within the Gresham SIZ #1.
  - (6) Sustainable Development Incentive. Business Firms subject to the Additional Payment will receive a twenty percent (20%) reduction of the Additional Payment for each of the first three years of the abatement if the facility constructed achieves and maintains Leadership in Energy and Environmental Design (LEED) Gold or Platinum certification.
  - (7) Regional Employment Incentive. Business Firms receiving SIZ Tax Abatement must enter into a First-Source Hiring Agreement, which promotes gainful work for persons already residing in the proximate area or region of the approved project.
  - (8) Consistency and Predictability. Like local jurisdictions, Business Firms seeking SIZ Tax Abatement benefit from the standardization of the requirements and procedures for obtaining SIZ Tax Abatement mentioned above. The benefits and requirements of a particular SIZ are established at the time the SIZ is created and will not vary thereafter. As a result, contract negotiation and local jurisdiction discretionary review are removed from the project approval process. The standardization inherent in an SIZ lends consistency and predictability to the program. Such consistency and predictability increases the accuracy with which Business Firms can assess the benefits of an SIZ, which, in turn, increases the desirability of investing within an SIZ.
  - (9) Reduced Administrative Costs. The SIZ is designed to reduce local jurisdiction administrative costs through standardization of the requirements and procedures for obtaining SIZ Tax Abatement.
- f. Areas in Multnomah County are suitable for SIZ designation, including but not limited to the proposed Gresham SIZ #1.
  - g. On November 12, 2008, the City of Gresham approved an intergovernmental agreement with Multnomah County to become Co-Sponsors and joint-operators of the Gresham Strategic Investment Zone #1.

- h. It is in the best interests of the County to join the City of Gresham in Co-Sponsoring and jointly-operating the Gresham SIZ #1.

**The Multnomah County Board of Commissioners Resolves:**

1. The attached GRESHAM STRATEGIC INVESTMENT ZONE #1 INTERGOVERNMENTAL AGREEMENT (IGA) is approved.
2. The County Chair is authorized and directed to sign the IGA.
3. The GRESHAM STRATEGIC INVESTMENT ZONE #1 POLICY (POLICY) attached to the IGA is adopted as the program document for implementation of the Gresham SIZ #1. The Gresham Strategic Investment Zone #1 Policy is separate and distinct from the Multnomah County Strategic Investment Program Policy.
4. The County Chair is authorized and directed to implement the POLICY.
5. The County Chair is authorized and directed to sign specific agreements in substantially the same form as the GRESHAM SIZ #1 STANDARDIZED AGREEMENT attached to the IGA in accordance with the POLICY.
6. The County Chair is authorized and directed to sign specific agreements in substantially the same form as the GRESHAM SIZ #1 FIRST-SOURCE HIRING AGREEMENT attached to the IGA in accordance with the POLICY.
7. The County Chair is authorized and directed to request designation of the GRESHAM STRATEGIC INVESTMENT ZONE #1 from the State of Oregon Economic and Community Development Department in accordance with law.

ADOPTED this 13th day of November 2008.



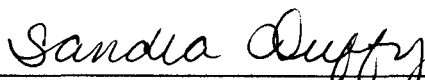
BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

  
Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY  
FOR MULTNOMAH COUNTY, OREGON

By

  
Sandra N. Duffy, Assistant County Attorney

SUBMITTED BY:

Ted Wheeler, Multnomah County Chair

**GRESHAM STRATEGIC INVESTMENT ZONE #1  
INTERGOVERNMENTAL AGREEMENT**

**BETWEEN**

**MULTNOMAH COUNTY, OREGON**

**AND**

**CITY OF GRESHAM, OREGON**

This Gresham Strategic Investment Zone #1 Intergovernmental Agreement ("Agreement") is by and between Multnomah County, Oregon (the "County") and the City of Gresham, Oregon (the "City").

**RECITALS**

A. The County and the City compete with local, national and foreign jurisdictions to attract capital-intensive property investments. Industries requiring capital-intensive investments are desirable to the County because such industries invest heavily in developing the skill levels of their employees, pay their employees well, and contribute in other ways to the economic development of a region.

B. Under Oregon's tax structure, capital-intensive businesses are subject to disproportionately high property taxes when compared to typical production facilities and this tax burden is a factor in such industries' consideration of location and expansion in Oregon.

C. In 1993, the Oregon Legislative Assembly established an economic development instrument known as the Strategic Investment Program (SIP) to encourage additional investment and employment within the State by Business Firms that make capital-intensive property investments. Capital-intensive Business Firms are desirable to a region because they invest heavily in developing the skill levels of their employees, pay their employees well, and contribute in other ways to the economic development of a region.

D. The County and the City have implemented the SIP previously.

E. In 2005, the Legislative Assembly enhanced the SIP by establishing the Strategic Investment Zone (SIZ), the creation of which is prescribed in ORS 285C.623 to 285C.626 and in rules established by the Oregon Economic and Community Development Commission and the Oregon Department of Revenue. While certain characteristics of the SIZ are consistent with its predecessor, the SIP, additional benefits make the SIZ particularly attractive to capital-intensive Business Firms as well as local jurisdictions. The characteristics and benefits of the **Gresham SIZ #1** include:

## Gresham Strategic Investment Zone #1 IGA

- (1) **SIZ Tax Abatement.** Business Firms with a project in the Gresham SIZ #1 pay full property taxes on the first \$100 million invested. Taxes on the value of property in excess of that amount are abated, however, the \$100 million cap increases by three percent (3%) each year. SIZ Tax Abatement is limited in duration and will not exceed 15 years.
- (2) **Community Services Fee (CSF).** Business Firms receiving SIZ Tax Abatement must pay an annual fee, known as the Community Service Fee, equal to the lesser of 25 percent of abated taxes or \$2 million. This fee is shared among certain specific local taxing authorities within the Gresham SIZ #1.
- (3) **Additional Payment.** Additional payments can be required of Business Firms receiving SIZ Tax Abatement. This payment is shared among the local taxing authorities that receive Community Service Fee payments.
- (4) **Income Tax Payment.** The State will distribute fifty percent (50%) of the personal income tax revenue attributable to the Gresham SIZ #1 to the required local taxing authorities according to the agreed upon distribution of Community Service Fee payments.
- (5) **Community Enhancement Fund.** A portion of the Community Service Fees, Additional Payments and Income Tax Payments will be distributed to the Community Enhancement Fund established for the Gresham SIZ #1. The fund will be managed by representatives of the co-sponsors of the zone. The other required local taxing authorities receiving Community Service Fee payments will be consulted about expenditures from the Fund. The purpose of the fund is to provide for coordinated community services support relating to the impacts and needs of projects within the Gresham SIZ #1.
- (6) **Sustainable Development Incentive.** Business Firms subject to the Additional Payment will receive a twenty percent (20%) reduction of the Additional Payment for each of the first three years of the abatement if the facility constructed achieves and maintains Leadership in Energy and Environmental Design (LEED) Gold or Platinum certification.
- (7) **Regional Employment Incentive.** Business Firms receiving SIZ Tax Abatement must enter into a First-Source Hiring Agreement, which promotes gainful work for persons already residing in the proximate area or region of the approved project.
- (8) **Consistency and Predictability.** Like local jurisdictions, Business Firms seeking SIZ Tax Abatement benefit from the standardization of the requirements and procedures for obtaining SIZ Tax Abatement mentioned above. The benefits and requirements of a particular SIZ are established at the time the SIZ is created and will not vary thereafter. As a result, contract

negotiation and local jurisdiction discretionary review are removed from the project approval process. The standardization inherent in an SIZ lends consistency and predictability to the program. Such consistency and predictability increases the accuracy with which Business Firms can assess the benefits of an SIZ, which, in turn, increases the desirability of investing within an SIZ.

- (9) **Reduced Administrative Costs.** The SIZ is designed to reduce local jurisdiction administrative costs through standardization of the requirements and procedures for obtaining SIZ Tax Abatement.

F. Areas in Multnomah County and the City of Gresham are suitable for SIZ designation, including but not limited to the Gresham SIZ #1.

G. On November 12, 2008, the City of Gresham approved co-sponsorship and operation of the Gresham SIZ #1 and the execution of this Agreement.

H. On November 13, 2008, the County approved co-sponsorship and operation of the Gresham SIZ #1 and the execution of this Agreement.

I. The parties desire to execute this Agreement in order to co-sponsor the establishment of Gresham SIZ #1 by the Oregon Community and Economic Development Commission and to provide for its joint-operation by the parties.

WHEREFORE, in consideration of the mutual promises, covenants and conditions contained herein, and with intent to be legally bound, the County and the City hereby agree as follows:

## **AGREEMENT**

### **1. PURPOSE**

A. This Agreement addresses and is pursuant to the provisions of ORS 285C, especially ORS 285C.623 to ORS 285C.626 and OAR 123, Division 23, especially OAR 123-023-3000 to 123-23-3400, which describe the process for creating and operating an SIZ. Once established, the SIZ does not expire and may not be terminated.

B. The Gresham Strategic Investment Zone #1 Policy in Exhibit A (the "Policy") to this Agreement is incorporated herein by this reference and serves as the program document for implementation of the Gresham SIZ #1. Subsequent references in this Agreement to specific portions of the Policy do not impact the agreement of the parties to incorporate the Policy herein in its entirety.

## **2. DEFINITIONS**

The definitions set forth in Section I of the Policy are incorporated herein by this reference.

## **3. AREA AND BOUNDARIES OF GRESHAM SIZ #1.**

The Gresham SIZ #1 is located wholly within the City and County. The Gresham SIZ #1 is contiguous and is exclusive of land inside of any other SIZ. The SIZ is not within a rural area as defined by ORS 285C.600(5). The boundaries of the Gresham SIZ #1 are set forth in Section IV of the Policy and are incorporated herein by this reference.

## **4. OBJECTIVES OF THE GRESHAM SIZ #1.**

The objectives of the Gresham SIZ #1 are set forth in Section VI of the Policy and are incorporated herein by this reference.

## **5. OBLIGATIONS**

**A. Joint Operation.** The County and City are the Co-Sponsors of the Gresham SIZ #1 and shall jointly operate the zone. To the extent that additional administrative procedures and/or standardized forms and other clear and straightforward materials must be developed pursuant to OAR 123-023-3100(3)(a) through (d) and OAR 123-023-3300(2), County and City will jointly develop and approve such materials. Pursuant to OAR 123-023-3200(8) County and City will provide the documentation of the Gresham SIZ #1 program to Oregon Economic and Community Development Department including copies of additional policies, rules, procedural guidelines, administrative plans, methods of verification and a sample standardized agreement. The County and City shall request designation of the Gresham SIZ #1 as soon as practicable after completion of the public hearing required in ORS 285C.623.

**B. Community Service Fee.** Each Business Firm that is to benefit from SIZ Tax Abatement shall pay a Community Services Fee ("CSF") for community services support that relates to the direct impact of the eligible project on public services as set forth in this section.

1. Amount. For each year in which a business firm benefits from SIZ Tax Abatement, the business firm shall pay to the County a CSF, as provided in ORS 285C.609 (4) (b) (B), in an amount equal to 25 percent of the property taxes that would, but for the tax abatement, be due on the exempt property in each assessment year, but not exceeding \$2 million per eligible project in any year.
2. Due Date. On or about Nov. 15, the County shall provide each business firm that receives property tax abatement in the Gresham SIZ #1 with a statement describing CSF calculations and the amount due. Each business firm receiving such statement shall pay the amount due within 30 days thereafter. The CSF payment shall be made to:

**Gresham Strategic Investment Zone #1 IGA**

Chief Financial Officer  
Multnomah County, Oregon  
501 SE Hawthorne Blvd., 4<sup>th</sup> Floor  
P.O. Box 14700  
Portland, OR 97293

3. **Adjustments.** If the assessed value of the business firm is adjusted after November 15 of any tax year in such a manner that property taxes due from the business firm are reduced, and the reduction reduces the CSF for that year, the County shall pay the amount of the reduction to the business firm, together with interest at the rate established by law for tax refunds (ORS 311.505(2)) from the date of payment of the CSF. If the County does not pay the amount by November 10 of the following year, the business firm may withhold the unpaid amount, plus interest as provided in this Section, from subsequent CSF payments due from the business firm. If the remaining CSF payments due from the business firm are less than the amount owed by the County to the business firm under this Section, the County shall pay the amount due to the business firm not later than December 15 of the year following the year in which the reduction occurs. An appeal of the assessed value does not defer the CSF payment obligation set forth above. Any adjustments based on the outcome of the appeal shall be in accord with this paragraph.
4. **Late Payment of CSF.** Failure to make payment in full of any fee by the due date shall result in penalty and interest being charged on the past due balance in the same amount as is provided by law for late payment of ad valorem property taxes.
5. **Nonpayment of CSF.** If the business firm fails to pay the CSF by the end of the tax year in which it is due, the tax exemption shall be revoked and the property shall be fully taxable for the following tax year for which the fee remains unpaid.

**C. Gresham SIZ #1 Standardized Agreement.** A business firm seeking property tax abatement under ORS 307.123 in the Gresham SIZ #1 shall execute the Gresham SIZ #1 Standardized Agreement attached as Exhibit B.

**D. Gresham SIZ #1 Standardized First-Source Hiring Agreement.** In order to encourage hiring of persons living in the City of Gresham and east Multnomah County, a business firm seeking property tax abatement under ORS 307.123 in the Gresham SIZ #1 shall execute the Gresham SIZ #1 Standardized First-Source Hiring Agreement attached as Exhibit C.

**E. Additional Payment.** If, in any tax year, the total real market value of the property assessed and taxed under ORS 307.123 exceeds \$750 million, Additional Payments will be due according to the calculation and schedule below. These payments shall be paid in the same manner as the CSF described above.



## Gresham Strategic Investment Zone #1 IGA

1. The Additional Payments shall be a Percentage of the sum of the property taxes billed for that year plus the current year CSF. Thus:

$$\text{Additional Payment} = [\text{Percentage}] \times [\text{Current year property taxes} + \text{current year CSF}]$$

2. The applicable Percentage in the foregoing calculation is determined according to the following schedule:

Total Real Market Value	Percentage
\$750 Million	10%
\$1 Billion	20%
\$1.25 Billion	30%
\$1.5 Billion	40%
\$1.75 Billion	50%
\$2 Billion	60%
\$2.25 Billion	70%
\$2.5 Billion	80%
\$2.75 Billion	90%
\$3 Billion	100%
\$4 Billion	125%
Over \$5 Billion	150%

3. If a business firm receives a Leadership in Energy and Environmental Design ("LEED") Gold or Platinum certification in constructing their facilities, and the business firm is otherwise subject to Additional Payments due to their taxable assessed value, the Additional Payment will be reduced by 20% for each of the first three years in which they pay Additional Payments.

**F. Local Endorsement.** A business firm seeking property tax abatement under ORS 307.123 in the Gresham SIZ #1 must request local endorsement by the County and the City of the firm's proposal pursuant to the procedures and requirements set forth in the Policy.

**G. Distribution of Payments.** Except for the Application Fee in Section VII.A. of the Policy, the distribution of all payments by a business firm and by the state to the County, the City, and other local taxing authorities shall be determined by separate agreement specifying the formula for sharing such payments.

**6. MISCELLANEOUS TERMS.**


**A. Governing Law.** This Agreement shall be governed by the law of the State of Oregon. Any actions or suits commenced in connection with this Agreement shall be in Circuit Court of Multnomah County or Federal District Court for Oregon.

**B. Complete Agreement.** This Agreement and its attached exhibits are the complete and exclusive statement of the Agreement between the parties relevant to the purpose described above and supersedes all prior agreements or proposals, oral or written, and all other communication between the parties relating to the subject matter of this Agreement. No modifications of the Agreement will be binding on any party except as a written addendum signed by authorized agents of each party. All rights and remedies of each party shall be cumulative and may be exercised successively or concurrently. The foregoing is without limitation to or waiver of any other rights or remedies of either party according to law.

**C. Counterparts.** This Agreement may be signed in counterparts; when every party has signed a counterpart all parties shall be bound by this Agreement.


DATED this 13th day of November, 2008.

MULTNOMAH COUNTY

  
Chairperson,  
Board of Commissioners  
Date: November \_\_, 2008



REVIEWED:

  
Assistant County Attorney  
Date: November 12, 2008

CITY OF GRESHAM

\_\_\_\_\_  
Mayor  
Date: November \_\_, 2008

\_\_\_\_\_  
City Manager  
Date: November \_\_, 2008

REVIEWED:

\_\_\_\_\_  
City Attorney  
Date: November \_\_, 2008