

Oregon Rural Renewable Energy Development Zones

Rural Renewable Energy Development Zones RRED Zones are a type of enterprise zone that offer a tax exemption incentive to encourage new investments in renewable energy. The incentive is a 100 percent (full) exemption from the property taxes normally assessed for the first 3 to 5 years of project operation. The program consists of an initial 3-year exemption that may be extended for up to an additional 2 years through agreement with the local government sponsor. Individual government units with property tax authority in Oregon, include counties, cities, school districts, hospitals, libraries, and fire districts. These government units, known as taxing districts, combine to form tax code areas, which represent unique combinations of overlapping taxing districts.

The total amount of property (among one or more projects) that can qualify is subject to a locally set cap within each zone that cannot exceed \$250 million in initial market value with each project valued based on its real market value on the assessment date of the first year that the exemption is applied. Local governments apply to the Oregon Business Development Department for RRED Zone designation. Once designated, if a project meets the eligibility requirements, the tax exemption must be granted. Once the exemption expires after 3 to 5 years, the project is taxed based on its assessed value and tax revenues are distributed to the local taxing districts with property tax authority in the code area(s) where the project is located.

Eligible investments must:

- Harness wind, geothermal, solar, biomass or other unconventional forms of energy to generate electricity; or
- Produce, distribute or store any of a wide variety of biofuels.

Qualifying projects must meet the same criteria as stipulated under the Standard Enterprise Zone Program. Specially for RRED Zones the requirement to create full-time employment with a new project may be waived by the local government if the cost of the investment will be \$5 million or more.

A city, county, or several contiguous counties may set up a RRED Zone that covers all territory in the jurisdiction(s) outside the urban growth boundary (UGB) of any metropolitan area/sizable city. RRED Zones are only allowed in communities with a population of less than 30,000. The total amount of qualifying property among one or more projects is subject to a locally set cap within each zone, which can be no greater than \$250 million in the initial market value among all projects in a given RRED-Zone designation.

The Deschutes County RRED Zone expires on 6/30/25. If renewed, the expiration date will be 6/30/36. This designation is not impacted by the standard enterprise zone program scheduled sunset on 6/30/32.