



**Meeting Date:** July 14, 2021,

**Staff:** Misley

**Type:** Regular Meeting

**Dept:** CMO

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**Subject:** Five-Year Enterprise Zone Abatement-Nosler

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**Action Requested:**

This action requests City Council approve an Enterprise Zone Extended Abatement Agreement (for a total of five years) for Nosler, Inc. for qualifying property tax abatement based on capital investment, new job creation and wages.

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**Summary Points:**

All employment lands in the City of Redmond are part of a State enabled economic development designation known as the Enterprise Zone (E-Zone). This program allows qualifying businesses and investments to receive a 100% abatement of property taxes associated with the assessed value of new qualifying capital improvements. Companies in this program, pay taxes on the value of the land and any capital investments that are not eligible for the abatement.

There are three primary types of State Enterprise Zone Programs:

- Three-Year Program (granted by right for eligible applicants);
- Four- or Five-Year Program (known as the Extended program) where years four and five are approved by the Zone Sponsor(s) (City/County);
- Seven to 15-year Program (known as the Long-Term Rural program) and approved by Zone Sponsor(s).

The duration of the abatement is linked to the number of jobs created and wage level.

The three-year abatement does not have an average wage requirement. However, the Extended and Long-Term Rural programs require wages that are certified at or above 150% of Deschutes County average annual compensation (currently \$71,393). The three-year program also does not require approval by the City/County where the company is located. They are approved administratively and do not require City Council action.

Compensation under the criteria includes salary, overtime, medical and retirement benefits. Not all jobs created need to exceed the 150 percent average annual compensation criteria, but rather an average of the overall compensation for all net new jobs needs to exceed the 150 percent average annual compensation criteria.

Extended abatements are done through agreements by the E-Zone sponsor(s) which extend the tax abatement for either one or two years beyond the standard three-year abatement.

Extended abatements need to be approved by the sponsor(s) of the E-Zone.

It is the prerogative of the sponsor agency whether or not the approval is made by the governing body or administratively. The Greater Redmond Area E-Zone has three co-sponsors: The City of Redmond; Deschutes County; and the City of Sisters. The City of Sisters policy is that the Redmond City Council approves all extended E-Zone agreements.



- Since 2016, Nosler, Inc has been operating its casing manufacturing facility in Redmond. Nosler's holdings in Redmond include a 60-acre parcel which they purchased in 2015.
- The bullet manufacturing business has been in Bend since 1958.
- The company has experienced tremendous growth over the past few years and has outgrown its Bend facility. With product demand exceeding expectations they have determined a new state of the art 80,000 square foot facility is needed and they plan on relocating the entire company to Redmond.
- Nosler is well known in the industry for producing ammunition and handloading components and specializing in high performance hollow point and soft point hunting bullets. The current company also includes subsidiaries Nosler Custom and Nosler Reloading. Nosler also produces products for military and law enforcement agencies.

In April 2021, Nosler submitted an application to the Zone Manager, requesting an extended abatement.

The investment will include construction of a new building and new equipment. Total project cost is estimated at \$13.5million, which includes equipment eligible for exemption, if approved for 5 years. Of the \$13.5 million, approximately \$12 million is capital construction and \$1.5 million is capital equipment. This does not include the nearly \$7 million in transferred property presently on the County tax roll and not eligible for the tax exemption.

The firm will relocate 103 jobs to Redmond and will create at least 14 additional jobs by the first year of the exemption (estimated to be 2023). The application and wage documentation have been certified above 150% by Redmond City Manager Keith Witcosky and Enterprise Zone Manager, Jon Stark.

This E-Zone agreement allows for two additional years, from the Standard Program (the Three-Year program) and was approved unanimously by the Redmond City Council on June 8<sup>th</sup>, 2021.

**Fiscal Impact:** No impact for the City of Sisters.

This action will extend the property tax abatement for the qualified project by two years, impacting the City of Redmond's property tax collections. The City of Redmond's apportionment of the abatement is estimated to be \$35,457/year.

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**Attachments:** Abatement Agreement