



BOARD OF COMMISSIONERS

AGENDA REQUEST & STAFF REPORT

MEETING DATE: September 13, 2023

SUBJECT: Enterprise Zone Abatement Extension for BasX

RECOMMENDED MOTION:

Move approval of Chair Signature on Document No. 2023-843, Greater Redmond Area Zone Extended Abatement Agreement.

BACKGROUND AND POLICY IMPLICATIONS:

The Enterprise Zone (EZone) 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 continue to pay taxes on the value of the land and any capital investments that are not eligible for the abatement. Depending upon the nature of the State program being used, EZone abatements can range from three (3) years to five (5) years (known as the Extended program). The duration of the abatement is connected to the number of jobs created and wage level.

BasX seeks is seeking five-years of abated taxes. The three-year abatement does not have an average wage requirement; however, the Extended abatement requires wages that are certified at 150% of Deschutes County average annual compensation (\$84,897). Compensation under the criteria includes salary, overtime, bonuses, medical and retirement benefits. Not all jobs created need to exceed the 150% average annual compensation criteria, but rather an average of the overall compensation for all net new jobs needs to exceed the 150% average annual compensation criteria. If less than half of the jobs meet the compensation criteria, then that qualifies for a one-year extension. If more than half of the jobs meet the compensation criteria, then that qualifies for a two-year extension. Extended abatements need to be approved by the sponsor(s) of the EZone.

BasX has used the Enterprise Zone program two previous times beginning in 2014. At that time they were a "move project" coming from the Portland area and projected to add 60 jobs to the region with an estimated \$3.2 million investment. The second project was completed just last year in 2022 with the large manufacturing and office space

addition. This was a projected \$6.5 million investment adding a required 15 jobs. The current project is projected to be a \$20.2 million new building, partial remodel and new equipment. The requirement is to add 35 jobs to the current total of 304 full-time positions. BasX has exceeded the previous two projects, adding more jobs than required with the final investment being greater than the projected on the applications. They continue to be a committed community partner as the fastest growing company in the region and one of the fastest growing companies in the state.

The Greater Redmond Area EZone has three co-sponsors: the City of Redmond; Deschutes County; and the City of Sisters. The cities of Redmond and Sisters have approved the BasX Enterprise Zone Extended Abatement.

Attached is the original EZone agreement with BasX from 2013, the one-year extension from 2020, and the new proposed two-year extension.

BUDGET IMPACTS:

Enterprise Zones impact current and future tax revenues. These adjustments will be included in future budgets.

ATTENDANCE:

Steve Curley, REDI Director

Erik Kropp, Deputy County Administrator