



Summary of Property Tax Relief Programs in Hillsboro's Enterprise Zone

Our data center campus is located in the Hillsboro Enterprise Zone, which offers significant relief of property taxes on the equipment used by companies that are leasing colocation data center space.

Hillsboro's Enterprise Zone program allows a data center tenant to claim a three to five-year property tax exemption on all owned or leased data center equipment that costs at least USD 50,000 per item, or on the components of an integrated system that is valued at USD 50,000 or more.

Applications for this program must be submitted before beginning physical project work, including but not limited to construction, installations and site preparation. Work may proceed after application submission. If any work has begun prior to an application being submitted, then no exemption is allowed on that property.

To qualify for the Hillsboro Enterprise Zone program, a data center tenant must do the following to meet State and City program requirements:

- Make a minimum investment of USD 1 million in the North Industrial Enterprise Zone Area.
- Pay an application fee to the City of Hillsboro of 0.1% of the total investment, capped at USD 50,000.

- Pay an annual Community Service Fee based on the annual abated taxes relative to the number of jobs created and retained at the site. Those who provide more employment relative to the amount of tax abatement received would qualify for a lower Community Service Fee in that year.
- Submit an annual procurement summary demonstrating purchases from Hillsboro-based companies with an annual goal of a 10% increase.
- For companies new to Hillsboro, hire at least one employee who works more than 32 hours a week at the Hillsboro site.
- Pay an average wage of at least USD 14.75 per hour at the Zone facility in years 1-3 of the abatement. For years 4-5 of the abatement, pay at least 125% of the Oregon minimum wage.
- Offer benefits that meet the national average of non-governmentally mandated benefits.
- Offer training and advancement opportunities to all employees.

Application process:

- Submit an Enterprise Zone application to the local zone sponsor (City of Hillsboro), sign a City Enterprise Zone Exemption contract agreeing to the City's portion of the program requirements, and enter into a First Source Hiring Agreement with Worksource Oregon (Oregon Employment Department).
- Submit (with the application) a list of property you expect to be exempt, including item descriptions, quantity and cost per item.
- Indicate the term of the abatement (3-5 years). Once the application is approved, the term cannot be amended.
- Recognize that at the end of the exemption period, the exempt asset must be placed on the tax roll for at least one year.

- Participate in a pre-authorization conference with the City's zone manager and Washington County Assessment & Taxation to review the project, expected exempt values and annual reporting requirements.
- The local zone sponsor (City of Hillsboro) and the Washington County Assessor will review and determine application approval.

Annual reporting

Two forms are required by April 1 of each tax-exempt year: a Property Schedule which details the property (serial numbers, model information, etc.) to be exempt and an Exemption Claim form which demonstrates that the company has met the State's program requirements.

- Submit an annual compliance letter to the City verifying that the City's program requirements were met for the calendar year.

Five-year tax abatement savings

For example, this table estimates a 5-year tax abatement savings schedule for a given cabinet value. This assumes that the equipment has a 7-year depreciation schedule.

Cabinet Value		Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Savings
	\$ 250,000	3,154.00	1,892.40	813.73	260.39	59.89	\$ 6,180.42
\$ 500,000	6,308.00	3,784.80	1,627.46	520.79	119.78	\$ 12,360.83	
\$ 750,000	9,462.00	5,677.20	2,441.20	781.18	179.67	\$ 18,541.25	
\$ 1,000,000	12,616.00	7,569.60	3,254.93	1,041.58	239.56	\$ 24,721.67	
\$ 1,250,000	15,770.00	9,462.00	4,068.66	1,301.97	299.45	\$ 30,902.08	
\$ 1,500,000	18,924.00	11,354.40	4,882.39	1,562.37	359.34	\$ 37,082.50	
\$ 1,750,000	22,078.00	13,246.80	5,696.12	1,822.76	419.23	\$ 43,262.92	
\$ 2,000,000	25,232.00	15,139.20	6,509.86	2,083.15	479.13	\$ 49,443.34	

Please note: This is an informative sheet only. If you're interested in the Hillsboro property tax abatement for your business, we advise you to seek the opinion of your tax advisors. In addition, businesses interested in the Hillsboro Enterprise Zone program can obtain application information from Valerie Okada at 503-681-6112 or via email at val.okada@hillsboro-oregon.gov. For more information, go to this page on the City of Hillsboro's web site.

