



MARION COUNTY BOARD OF COMMISSIONERS

**Board Session Agenda Review Form**

Meeting date: May 1, 2024

Department: Community Services

Title: GK Machine, Inc. Rural Industrial Improvement Property Tax Exemption

Management Update/Work Session Date: April 23, 2024 Audio/Visual aids

Time Required: 10 Contact: Kelli Weese Phone: 503-589-3277

Requested Action: Consider a resolution approving rural industrial property tax exemptions for GK Machine, Inc.

Issue, Description & Background: GK Machine, Inc. of Donald / Hubbard has applied for a rural industrial property tax exemption under MCC 3.35.030. The property is located at 20495 NE Butteville Road.

Financial Impacts: The application estimates \$25 million of new taxable property value for the site, with an estimated exemption of \$290,000 for each of the three consecutive years. After the conclusion of the exemption period, the property taxes for the site are estimated to be approximately \$313,331 per year.

Impacts to Department & External Agencies: If the applicant is successful in securing sufficient support from other taxing entities, 100% of the property taxes on the new value only would be exempt for 3 years. Tax revenue distributions will be proportionally affected to all taxing entities.

List of attachments: 1. Resolution to approve application; 2. Memo; 3. Application; 4. Tax Estimates

Presenter: Kelli Weese, Economic Development Program Manager; Erik Anderson, SEDCOR President; Kip Morris, SEDCOR's Marion County Business Retention & Expansion Manager; GK Machine Representatives

Department Head Signature:

**BEFORE THE BOARD OF COMMISSIONERS  
FOR MARION COUNTY, OREGON**

In the Matter of the rural industrial exemption )  
application of GK Machine, Inc. )

**RESOLUTION NO. \_\_\_\_\_**

This matter came before the Marion County Board of Commissioners at its regularly scheduled public meeting on Wednesday, May 1<sup>st</sup>, 2024.

WHEREAS, chapter 112, Oregon Laws 2016 (Senate Bill 1565(2016)) authorized counties to adopt an ordinance providing for a property tax exemption for newly constructed rural industrial improvements valued between one million and 25 million dollars; and

WHEREAS, the Marion County Board of Commissioners adopted Marion County Code (MCC) section 3.35.020 in order to provide for the rural industrial property tax exemption contemplated by chapter 112, Oregon Laws 2016; and

WHEREAS, GK Machine, Inc. ("Applicant") has applied for a rural industrial property tax exemption under MCC 3.35.020 on tax account no. 534079 effective as of the 2024-2026 tax year; and

WHEREAS, Applicant and the Marion County Board of Commissioners have agreed upon a set of conditions pursuant to MCC 3.35.020 as set forth below; now, therefore,

1. **IT IS HEREBY RESOLVED** that the rural industrial property tax exemption of Applicant is approved for tax account no. 534079 effective as of the 2024-2026 tax year.
2. **IT IS FURTHER RESOLVED** that the following conditions of approval are imposed upon this exemption:
  - a. Applicant shall enter into a first-source hiring agreement with the board for the period of the exemption. This condition must be satisfied within 90 days of this resolution.
  - b. No later than the date on which the application is submitted, the employment of Applicant may not be less than the greater of:
    - i. One hundred ten percent of the annual average employment of Applicant; or
    - ii. The annual average employment of Applicant plus one employee.
  - c. Applicant or another firm under common control may not close or permanently curtail operations in another part of the state that is more than 30 miles from the eligible location. This condition applies to the transfer of any of Applicant's operations to an eligible location form another part of the state, if the closure or permanent curtailment in the other part of the state decreased Applicant's employment in the other part of the state. This is an ongoing condition which must be satisfied throughout the duration of the exemption.

- d. Applicant or another firm under common control may not close or permanently curtail operation in another part of the state that is 30 miles or less from the eligible location unless the employment of Applicant at the eligible location and at the other locations from which employees were transferred has been increased to not less than 110 percent of the annual average employment of Applicant at the eligible location and the other locations from which the employees were transferred. This is an ongoing condition which must be satisfied throughout the duration of the exemption.
- e. Applicant agrees to the procedures for monitoring and verifying compliance with the conditions set forth in MCC 3.35.020(E). Applicant consent to the annual inspections of either the subject property or specific documentation in order to substantiate Applicant's compliance with any conditions. This is an ongoing condition which must be satisfied throughout the duration of the exemption.

DATED this 1<sup>st</sup> day of May 2024.

MARION COUNTY BOARD OF COMMISSIONERS

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Chair

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Commissioner

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Commissioner



## MEMORANDUM

**TO:** Marion County Board of Commissioners  
**FROM:** Kelli Weese, Economic Development Manager  
**MEETING DATE:** May 1, 2024 Board Session

### **GK Machine Rural Industrial Property Tax Exemption Application**

GK Machine, Inc. of Donald / Hubbard has applied for a rural industrial property tax exemption under MCC 3.35.030. The property is located at 20495 NE Butteville Road. Marion County Board of Commissioners adopted MCC 3.35.020 to provide for the rural industrial property tax exemption. The application has been reviewed by the Marion County Assessor's Office and legal team. If approved, certain conditions apply including entering into a First-Source Hiring Agreement and increased employment at the location. The board may attach additional conditions or adjustments.

If granted by the Marion County Board of Commissioners, it is the applicant's responsibility to demonstrate to the Assessor support of 75% of the taxing value entities imposing property taxes at the location, including the Marion County resolution of approval.

### **FINANCIAL IMPACTS**

The application anticipates \$25 million of new taxable property value at the 20495 NE Butteville Road location. The current taxing rate at the location is 0.01117170 per thousand (\$11.17 per thousand dollars of assessed value). For 2023, the current estimated taxes for the site are \$5,976. Should the project commence at the value included in the application (\$25 million), the exemption on the building construction would be approximately \$290,000 for each of the three consecutive years. After the conclusion of the exemption period, the property taxes for the site are estimated to be approximately \$313,331 per year. To meet the requirements of the property tax exemption, GK Machine will be required to hire an additional 25 jobs as part of the agreement, with an estimated final of 185 full-time employees working at this location in Donald / Hubbard.

Estimated taxes abated by the new investment

**Buildings & Structures \$24,000,000**

Dist #	District Name	Rate	G-Extended	Government	E-Extended	Education	Bonds	Compression	
50	MARION COUNTY	0.0030252	7260.48	7260.48	0	0	0.00	0.00	
240	MARION SOIL & WTR	0.0000500	120.00	120.00	0	0	0.00	0.00	
260	MC EXT & 4-H SERV DIST	0.0000500	120.00	120.00	0	0	0.00	0.00	
301	AURORA FD	0.0008443	2026.32	2026.32	0	0	0.00	0.00	
339	AURORA FD, LOCAL OPTION	0.0009900	2376.00	2376.00	0	0	0.00	0.00	
418	N MARION SCHOOL	0.0033333	0	0	7999.92	7999.92	0.00	0.00	
458	N MARION SCHOOL BOND	0.0016297	0	0	0	0	3911.28	0	
460	WILLAMETTE REG ESD	0.0002967	0	0	712.08	712.08	0.00	0.00	
500	CHEMEKETA COM COL	0.0006259	0	0	1502.16	1502.16	0.00	0.00	
501	CHEMEKETA COM COL BOND	0.0002448	0	0	0	0	587.52	0	
701	REGIONAL LIBRARY	0.0000818	196.32	196.32	0	0	0.00	0.00	
	Totals	0.0111717	12099.12	12099.12	10214.16	10214.16	4498.80	0.00	
<b>Estimated Total</b>					<b>\$</b>	<b>26,812.08</b>			

**Machinery & Equipment \$1,000,000**

Dist #	District Name	Rate	G-Extended	Government	E-Extended	Education	Bonds	Compression	
50	MARION COUNTY	0.0030252	3025.20	3025.20	0	0	0.00	0.00	
240	MARION SOIL & WTR	0.0000500	50.00	50.00	0	0	0.00	0.00	
260	MC EXT & 4-H SERV DIST	0.0000500	50.00	50.00	0	0	0.00	0.00	
301	AURORA FD	0.0008443	844.30	844.30	0	0	0.00	0.00	
339	AURORA FD, LOCAL OPTION	0.0009900	990.00	990.00	0	0	0.00	0.00	
418	N MARION SCHOOL	0.0033333	0	0	3333.30	3333.30	0.00	0.00	
458	N MARION SCHOOL BOND	0.0016297	0	0	0	0	1629.70	0	
460	WILLAMETTE REG ESD	0.0002967	0	0	296.70	296.70	0.00	0.00	
500	CHEMEKETA COM COL	0.0006259	0	0	625.90	625.90	0.00	0.00	
501	CHEMEKETA COM COL BOND	0.0002448	0	0	0	0	244.80	0	
701	REGIONAL LIBRARY	0.0000818	81.80	81.80	0	0	0.00	0.00	
	Totals	0.0111717	5041.30	5041.30	4255.90	4255.90	1874.50	0.00	
<b>Estimated Total</b>					<b>\$</b>	<b>11,171.70</b>			

Estimated taxes for the existing structures and land

	Future AV	Taxable AV	Exempt AV	Future abated taxes	Future estimated imposed taxes	Special Assessment for disqualification	Estimated Imposed Taxes
2024	\$ 666,846	\$ 666,846	\$ -	\$ -	\$ 7,449.80	18503.16	\$ 25,952.96
Exemption begins - 2025	\$ 25,666,846	\$ 686,851	\$ 24,979,995	\$ 279,069	\$ 7,673.30		\$ 7,673.30
Exempt - 2026	\$ 26,436,851	\$ 707,457	\$ 25,729,394	\$ 287,441	\$ 7,903.50		\$ 7,903.50
Exempt - 2027	\$ 27,229,957	\$ 728,681	\$ 26,501,276	\$ 296,064	\$ 8,140.60		\$ 8,140.60
Off Exemption - 2028	\$ 28,046,856	\$ 28,046,856			\$ 313,331.06		\$ 313,331.06