



## Memorandum

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**TO:** Beaverton School District Board

**FROM:** Sean Farrelly, Redevelopment Manager, City of Tigard

**DATE:** Thursday, October 8, 2026

**RE:** Tigard Enterprise Zone and Beaverton School District

The City of Tigard has asked both Tigard Tualatin School District and the Beaverton School District to consider a school support fee of between 15% to 30% so that it can re-designate its Enterprise Zone (EZ). This would enable us to continue to offer this incentive, which has already resulted in significant investment and job creation.

On September 14<sup>th</sup>, the Tigard-Tualatin School District Board of Directors approved a resolution establishing a school support fee of 15% for the Tigard EZ. The packet of materials from that meeting is attached.

We hope the information provided in our September 14, 2026 memo (attached) and the attached Resolution addresses any questions. The supplemental information supports that the Tigard EZ will likely have minimal financial impact on the Beaverton School District.

We appreciate your support of an economic tool that will help not only Tigard but the surrounding communities with an increase in family wage jobs.

**Contact:** If you have any questions please contact Redevelopment Manager, Sean Farrelly, 971.268.0980, [sean@tigard-or.gov](mailto:sean@tigard-or.gov) 13125 SW Hall Boulevard. Tigard, Oregon 97223 • [tigard.or.gov](http://tigard.or.gov)



Tigard-Tualatin School District 23J  
6960 SW Sandburg Street  
Tigard, OR 97223

September 14, 2026

TO: Board of Directors  
FR: Jessica Seay  
RE: Resolution 2627-04 – Establishing a School Support Fee for the City of Tigard Enterprise Zone

**BACKGROUND:**

In the 2023 legislative session, HB 2009 passed resulting in:

- The creation of a limited research and development tax credit for semiconductor companies;
- Modifications to the Strategic Investment Program; and
- Extensions and modifications to Standard Enterprise Zone and Long-Term Rural Enterprise Zone programs.

HB 2009 (2023) institutes a new requirement that enterprise zone programs (Standard and Long-Term Rural) establish school support fees to address some property tax abatement matters.

Depending on the program, eligible businesses in zone programs have proscribed years of tax abatement with later years imposing a school support fee. Districts and sponsoring cities must establish a school support fee ranging from 15 to 30 percent to charge businesses in their later years of participation. This fee is considered revenue in lieu of property taxes and is included in the district's general purpose grant formula as a tax resource.

The attached resolution proposes that the District establish a 15 percent school support fee which is consistent with other districts in Washington County. The school support fee will impact Tigard's Enterprise Zone which covers areas in both Tigard-Tualatin and Beaverton School Districts' respective boundaries.

PREPARER: Jessica Seay, Chief Financial Officer

**SUPPLEMENTARY**

**MATERIALS:** Oregon Economic Development Association and League of Oregon Cities' HB 2009 Primer; Resolution 2627-04 - A Resolution Establishing a School Support Fee for the City of Tigard Enterprise Zone

**RECOMMENDATION:** Approve Resolution 2627-04

**PROPOSED MOTION:** I move to accept resolution 2627-04 -A Resolution Establishing a School Support Fee for the City of Tigard Enterprise Zone



## IMPLEMENTATION OF NEW E-ZONE SCHOOL SUPPORT FEE

**Background:** In 2023, the Oregon Legislature passed HB 2009, a broad tax incentives package. The bill created a limited research & development tax credit for semiconductor companies, modified the Strategic Investment Program, and extended and modified the 3- to 5-year Standard Enterprise Zone (SEZ) and 7- to 15-year Long Term Rural Enterprise Zone (LTREZ) programs.

**Key Enterprise Zone Components:** HB 2009 extended the E-Zone programs through June 30, 2032. The new law now requires publication of the terms of agreements with businesses and notification to other affected local governments; eliminates eligibility for retail fulfillment centers delivering products within the region of the zone, and implements a new “school support fee” for some property tax abatement recipients.

**School Support Fee:** During the 4<sup>th</sup> and 5<sup>th</sup> year of abatement in the SEZ program and in the 6<sup>th</sup> year and later for the LTREZ program, companies must pay a school support fee to the local school district. Zone sponsors (cities, counties, ports, or tribes) will need to set the rate of the fee with any affected district. The fee applies the same to all abatements within the E-Zone and the particular district. The fee rate must be between 15% and 30% of the property taxes that would have otherwise been paid without the abatement in a given year. Each fee applies for all subsequent exemption agreements, in that **zone sponsors may not sign new agreements for an extended abatement or LTREZ facility after September 23<sup>rd</sup> until a fee has been established with the affected district.** Standard three-year exemptions do not require an agreement between the sponsor and company and are not affected. School districts will be responsible for annually billing the company for payments when due, and failure to remit payment can result in interest or penalties for the company.

**Implementation Timing and Relevant Dates:** No fees will be collected until the 4<sup>th</sup> and 5<sup>th</sup> years of tax exemption under SEZ agreements or the 6<sup>th</sup> year and beyond for LTREZ agreements, meaning no company will be invoiced until 2027 at the earliest. However, the fee will need to be established and included in any E-Zone agreement entered into after September 23<sup>rd</sup>, 2023. After that date, without an established fee rate to include in the agreement, companies will only be eligible for standard 3-year exemption periods. Zone sponsors must also set a fee rate with all applicable school districts before creating a new zone or re-designating an existing zone. For existing zones, the fee must be otherwise established between September 24<sup>th</sup>, 2023, and December 31<sup>st</sup>, 2027—**if not, the area inside the E-Zone within that school district boundary will be limited to offering 3-year tax abatements, until the zone is re-designated.**

**Zone Sponsor Requirements:** Zone sponsors will be responsible for including the applicable fee rate in agreements with businesses, along with possible provisions for delinquent payment, in



addition to providing information to the school district to calculate the fee for each applicable year. This must be done by November 1.

**Effect on Local School Districts:** School districts will be required to invoice the companies directly for any required fees. It's possible the fees will not increase local district budgets, as fees must be included as local revenue in school funding formula calculations and in most cases will be offset by reduced State School Fund distributions. Districts will still be responsible for collecting the fee, refunding overpayments and notifying local assessors of delinquent payment.

**Company/Recipient Requirements:** Extended SEZ and LTREZ recipients will be responsible for remitting the applicable fee to the affected school districts.

### FAQ's

*What if the district is not interested in charging the fee because they value the economic development benefits? Does this put the zone in a position where it can't offer extended abatements?*

- HB 2009 is not permissive. All extended SEZ and LTREZ abatements will require paying the school support fee. Certainly, one impact of HB 2009 may be the reduced use of extensions to recruit and investment from existing businesses and new companies within E-Zones.

*How does the fee **benefit schools**?*

- While the increased fees to local districts will likely be offset by the reduced State School Fund distributions, statewide funding for schools may marginally increase: depending on whether zone sponsors elect to negotiate the fee and offer an extended abatement. The Legislature determines allocations of the State School Fund during its biennial budget process.

*Do we know how the state will use the revenue from the fee?*

- Proceeds will be directed to the statewide school equalization system.

*Will districts look to streamline the billing process or use a third-party vendor?*

- *We are still working with schools and school district organizations to understand implementation.*

*How will the fee be calculated and what is the timeline for billing?*

- The amount of the school support fee of each affected school district shall equal the respective rate agreed to by the Zone sponsor and affected school district (a rate between 15-30%),



multiplied by the property taxes that would, but for the exemption, be due on the qualified property for each property tax year to which the agreement relates. Districts are to give notice to the business by December 1 of each year, and to have collected the fee no later than December 31.

*Are penalties allowed if the company fails to pay, and will it impact on E-zone qualification?*

- Yes. The Zone sponsor and business may agree on interest rates and penalties for late payments, as well as means and schedule to cure delinquency. If payments are 60 days past any delinquency date (which would be December 31 if nothing else is provided for in the agreement with the business), the district shall notify the county assessor. Once the assessor is notified the company will be disqualified from any future year of abatement and the amount of any unpaid fee amount added to the business's tax liability.

*What are the implications on lessors of property subject to the fee and how can responsibility be allocated amongst parties?*

- Ultimately, the company receiving the abatement is responsible for paying the school support fee. Nothing in the statute dictates how parties may allocate the fee between lessors and lessees. Owners of leased enterprise zone property should not ultimately owe the property taxes, so that payment of the fee naturally falls to the business leasing the property and enjoying the property tax savings from using the enterprise zone

*Are existing E-Zone abatement recipients affected by the fee or required to pay?*

- Not unless the business enters into a new agreement on a new project.

*Should we contact our local districts soon?*

- Yes. It is possible many districts are unaware of the changes or the implications of this new law. OEDA, AOC and LOC are working to coordinate with Business Oregon and statewide school district organizations to try and standardize and streamline the process for agreeing up on rates.

**Tigard-Tualatin School District 23J**  
**Resolution 2627-04**

**A Resolution Establishing A School Support Fee For The City Of Tigard Enterprise Zone**

WHEREAS, House Bill 2009 (2023) was enacted in 2023 and became part of ORS 285C.067;

WHEREAS, HB 2009 (2023) requires the governing body of each school district along with the governing body of the zone sponsor to set a rate for the school support fee imposed pursuant to Sections 48 (2) and 51 (2) of HB 2009 (2023); and

WHEREAS, the rate must be at least 15 percent and not more than 30 percent; and

WHEREAS, the District has coordinated with the City of Tigard to set the rate;

WHEREAS, by November 1 in any applicable year, the governing body of the zone sponsor will provide the District with all information necessary for the District to collect the fee directly from the business firm;

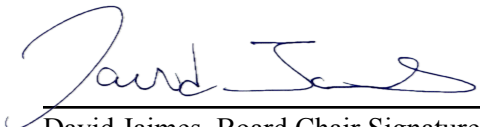
WHEREAS, by December 1 in any applicable year, the District shall send the business firm a notice of the required fee, with a due date not later than December 31 of the same year;

WHEREAS the District shall be responsible for making refunds to business firms of overpayments;

WHEREAS, if a fee payment is delinquent for more than 60 days following the date of delinquency or any later date allowed for curing the delinquency, the Board shall give written notice of the delinquency to the business firm and the assessor of the county;

BE IT THEREFORE RESOLVED that the Tigard-Tualatin School District Board and the governing body of the City of Tigard establish the rate of the school support fee of 15 percent, effective November 1, 2026.

ADOPTED this 14<sup>th</sup> day of September, 2026, by Tigard-Tualatin School District 23J.

  
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David Jaimes, Board Chair Signature

  
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Iton Udosenata, Superintendent Signature



## Memorandum

Tigard Enterprise Zone and Beaverton School District

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**TO:** Steven A. Sparks, AICP, Executive Director for Long Range Planning,  
Beaverton School District

**FROM:** Sean Farrelly, Redevelopment Manager, City of Tigard

**DATE:** Monday, September 14, 2026

**RE:** Tigard Enterprise Zone and Beaverton School District

This is a brief explanation of how the Tigard Enterprise Zone (EZ) overlaps with the Beaverton School District and the implications of that designation.

**Background:** The Tigard EZ was originally adopted in 2014 and has been in place for over a decade. The EZ offers tax exemption benefits for a limited duration to eligible companies that make an investment of at least \$500k and increase employment that meets income and benefits standards within the zone.

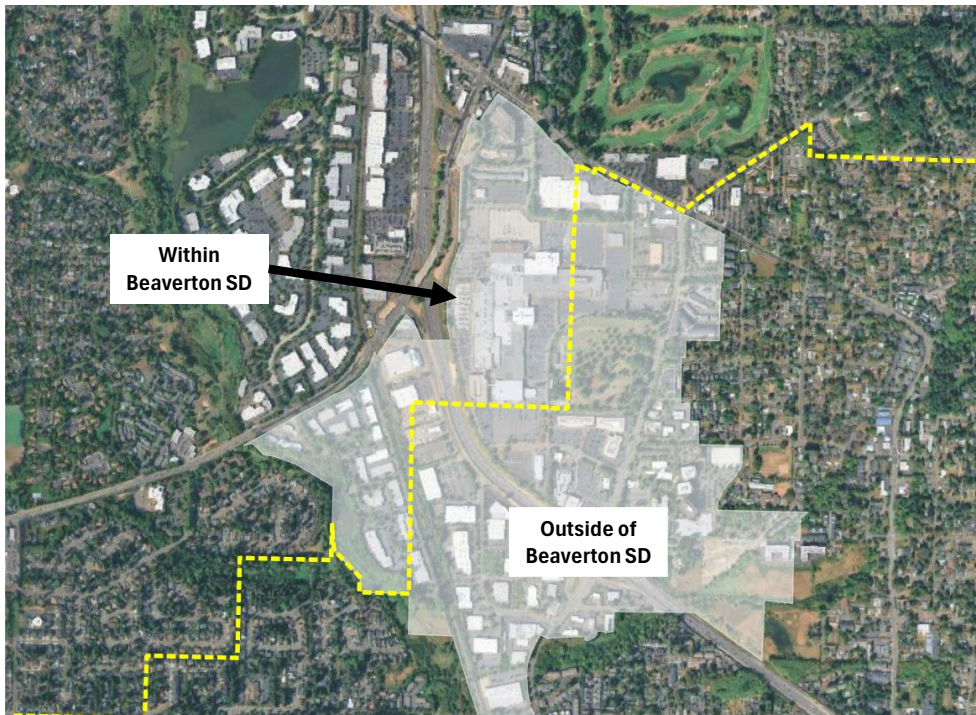
The requirement to establish a "school support fee" is relatively new (2023), and as Tigard looks to renew its EZ, this fee would be a new benefit to the school district, that wasn't previously in place.

The portion of Tigard's EZ within the Beaverton School District is small (*see Map 1 below*). It includes the Washington Square Mall and some adjacent parcels, as well as some properties across Hwy 217 to the west. Map 2 shows the Tigard EZ boundary, with the portion that overlaps with Beaverton SD at the far north end.

**In practice:** Since 2014, no company within the portion of the Enterprise Zone that is in Beaverton School District has applied for, or used, EZ tax benefits. Therefore, up to this point, the zone has not had any impact on taxing jurisdictions in that area, including the school district.

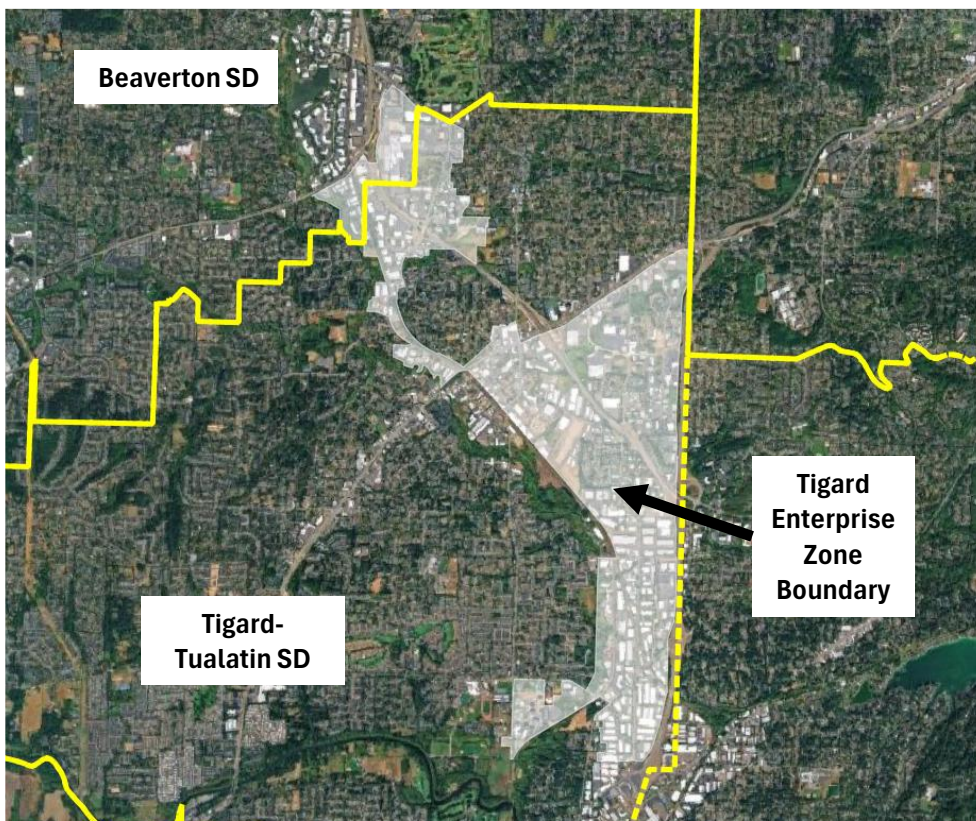
As Map 1 shows, that area of overlap is now essentially built out. The odds that a new high-investment business meeting the eligibility criteria for EZ benefits will develop in that area are probably low. While it's possible a company in this area may apply for the EZ program in the future, the most likely outcome is that the Tigard EZ program continues to have no impact on Beaverton SD (or other taxing jurisdictions in that area of overlap).

**Map 1: Portion of Tigard EZ with the Beaverton School District**



Source: Metro RLIS GIS

**Map 2: Boundaries of Tigard EZ and School Districts**



Source: Metro RLIS GIS

**Establishing a School Support Fee:** New rules require the sponsor of a new or re-designated Enterprise Zone to reach an agreement with any school district(s) included in the boundary. The school support fee does not apply during the standard duration of EZ benefits (3 years) but applies if the company applies for extended benefits for years four and/or five. If the company does extend its participation, it *currently* will pay a “community support fee” to the city. Under these new rules, it would also pay a “school support fee” to the school district in which the company is located.

The school support fee can be set at a rate from 15% to 30% of the company’s total exempted taxes for that year. The current permanent tax levy of the Beaverton School District in the relevant tax code area was an estimated 25.8% of the total levy in the 2025 tax year. This means that if the school support fee for the EZ program is set at 26% or higher, there would be no net revenue impact on the school district in extension years.

**Does the School District Actually Lose Tax Revenue?** Not directly. The Oregon statewide school funding system pools revenue from districts across the state into the State School Fund. The Fund then disperses money for all K-12 public schools in the state, allocating monies to districts on a per-pupil basis, not based on the total taxes collected in that district. In practice, reductions in taxes collected in Oregon school districts caused by programs like enterprise zones, or urban renewal districts, are not felt directly by the individual school districts, but absorbed by the much larger state school system.

The goal of an enterprise zone program is attracting new investment that qualifies the company to participate in an EZ, resulting in a new, higher tax base for that property once a company’s eligibility ends (after 3 to 5 years). All taxing jurisdictions, including the school district, then benefit from this new higher tax base from the company’s investment.

**Why Does Tigard Need the School District’s Help?** The 2023 statute states that the EZ sponsor (the city) shall come to an agreement with the school districts on the rate of a school support fee [ORS 285C.067(1)(b)]. It does not specify what happens if the sponsor and district can’t come to agreement.

The City of Tigard is asking the Beaverton School District to agree to a school support fee so that it can re-designate the Enterprise Zone and continue to offer this incentive, which has already resulted in significant investment and job creation in other parts of the Enterprise Zone. The Tigard-Tualatin School District is concurrently agreeing to a school support fee of 15%.

These agreements are the last component needed by the City of Tigard to re-designate the EZ, which we hope to complete in December 2026. The city is asking the school district to

consider agreeing to a school support fee of 15% to 30%. For the reasons discussed above, the ultimate impact on the school district may be very minimal or even have no impact.

**Contact:** If you have any questions please contact Redevelopment Manager, Sean Farrelly, 971.268.0980, [sean@tigard-or.gov](mailto:sean@tigard-or.gov) 13125 SW Hall Boulevard. Tigard, Oregon 97223 • [tigard.or.gov](http://tigard.or.gov)