Greater Hermiston Enterprise Zone
Manager's Annual Report 2025

August, 2026

The Greater Hermiston Enterprise Zone (GHEZ) is a major economic development tool which allows for property tax exemptions on qualifying property. It represents the single most important financial "incentive" available to the City of Hermiston in attracting new investment, future tax base, and job creation to the area.

Since 2009, the GHEZ is responsible for attracting more than $3.9 billion in new and planned capital investment to the area. Now, as several exemptions have expired, $85 million has been added to the tax rolls benefitting the City of Hermiston, Umatilla County, the Hermiston School District, and Umatilla County Fire District #1, among others. Additionally, those investments have created nearly 600 new direct full-time jobs to-date resulting in more than $30 million of new direct annual payroll circulating through the economy of Hermiston and western Umatilla County as of 2025.

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2025 Executive Summary/Recap

2025 New Activity

No new Enterprise Zone Exemptions were approved in 2025.

However, it should be noted that a nearly quarter-billion dollar industrial investment, referenced in prior years' reports, has proceeded to develop within the GHEZ. That investment engaged in significant discussions with GHEZ staff prior to opting to proceed without Ezone incentives. This drives at the heart of the question about whether investments will occur with or without incentives as well as whether the Ezone's existence still actually acted as an inducement toward the investment. Given that there are so many factors at play in large scale industrial investments, there are times when they reach a point of no return, and while the incentive environment attracted them enough to pursue the investment, pulling the plug would cost more than proceeding without the incentive.

All this to say, these are complex and dynamic negotiations, and any Monday-Morning Quarterbacking offered should be taken as just that.

2025 Continuing Activity

Lamb Weston

Lamb Weston's $295 million investment, approved in 2017 received its 6th year of exemption in 2025 (reported 2026), and reported 143 newly created jobs since 2017 actively in place in CY 2025. One of the main criteria for qualifying for a Long-Term Rural Enterprise Zone (LTREZ) exemption is a requirement to pay total average compensation to employees of at least 130% of the county-wide age. Lamb Weston, like all employers in the region, have faced significant wage pressures. In their 2025 claim, filed in 2026, they show their average annual compensation for the new jobs as $79,020; well above the $68,000 currently required, and a significant jump from the $60,666 shown on their initial claim form from 2019.

Amazon Data Services (PDX138)

This investment officially broke ground in 2023, and received it's first Certificate of Occupancy in July, 2024. Therefore, calendar year 2025 was the facility's first exemption year. The exemption yielded $2,658,315 in payments in lieu of taxes to local jursidictions in November, 2025. It should be noted that November, 2025 would have also been the first property taxes received as well, had an exemption not been in place.

Amazon Data Services (PDX245)

This investment broke ground in 2024 but had not received a Certificate of Occupancy before the end of calendar year 2025. Therefore its exemption has yet to begin, and no regular property taxes would have been paid to date either, had an exemption not been in place.

Amazon Data Services (PDX146)

This investment had not yet broken ground in 2025.

Expiring Activity
No exemptions expired in 2025.

Summary of Zone Exemptions

Total Investment Amounts (Zone Life-to-Date):	$3B+*
Total Investment (active):	$3B+*
New Full Time Jobs Created:	593

**Investment amounts should not be confused with taxable value. Depreciation and industrial equipment valuations yield significantly lower taxable values than initial investment amounts.*

GHEZ Zone Termination
As a function of state law, the 10-year authorization for the GHEZ terminated on June 30, 2026. Any existing exemptions represent a contract with the benefitting investment, and will survive the termination of the zone, and will continue according to their original terms.

The Hermiston City Council chose not to renew the GHEZ in its current form. A similar, but fully distinct enterprise zone, the Hermiston Enterprise Zone (HEZ), began operations July 1, 2026.

This annual report for the GHEZ will continue through the life of any existing exemptions. However, a separate report for any future activity within the new HEZ will be generated annually for that entity.

Sincerely,

Mark Morgan
GHEZ Manager
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Lamb Weston Exemption Detail Through 2025

Lamb Weston, Inc.	
Property	
Application Submitted:	12/31/2017
Application Approved:	2/21/2018
Investment Amount (2017) (Active)	$295,310,955
First on Tax Rolls (15 year exemption)	July 1, 2034
Total Investment	**$293,992,043***
Employment	
Annual Avg. Employment at application	0
Annual Avg. Employment (2025)	143
New FTE Jobs Created (2017-)	143
Annual Avg. New Compensation	$79,020
New Avg. Annual Payroll Created thru 2019	**$11,299,905**
Fee Payments	
Paid in Current Year	$1,000,000
Paid Life to Date	$6,000,000
**Investment Amount is NOT* equivalent to taxable assessed value	

Lamb Weston LTREZ Fee Payment Schedule

According to Section 4.B "Obligations of Lamb Weston" from the approved Long-Term Rural Enterprise Zone Agreement, Lamb Weston issues an annual fee payment no later than July 1, beginning in 2020, directly to each of the named beneficiaries; Umatilla County, City of Hermiston, Hermiston Parks & Recreation.

1. Umatilla County receives $500,000 per year directly from Lamb Weston. There are no Enterprise Zone obligations associated with these funds paid directly to Umatilla County. Through the end of 2025, Umatilla County has received $3,000,000, and will receive a total of $7,500,000 through the life of the exemption.

2. City of Hermiston receives $450,000 per year directly from Lamb Weston. There are no Enterprise Zone obligations associated with these funds paid directly to the City of Hermiston. Through the end of 2025, the City of Hermiston has received $2,700,000, and will receive a total of $6,750,000 through the life of the exemption.

3. Hermiston Parks & Recreation receives $50,000 per year directly from Lamb Weston. Hermiston's Recreation Projects Fund Advisory Committee (RPFAC) determines annual use of revenue. Lamb Weston is allowed two voting members to the RPFAC solely for use of Ezone allocation. Funds may not accrue, or be otherwise committed/capitalized any more than $150,000, or 3-years, at a time. Through the end of 2025, Hermiston Parks and Recreation has received $300,000, and will receive a total of $750,000 through the life of the exemption.

Amazon (PDX138) Exemption Detail Through 2025

Amazon Data Services, Inc. (PDX138)

Property	
Application Submitted:	10/9/2019
Application Approved:	4/13/2020
Investment Amount (Through 2025)	$*
First on Tax Rolls (15 year exemption)	July 1, 2040
Total Investment	**$***
Employment	
Annual Avg. Employment at application	0
Annual Avg. Employment (2025)	*
New FTE Jobs Created	*
Annual Avg. New Compensation	*
New Avg. Annual Payroll Created thru 2025	*****
Fee Payments	
Paid in Current Year	$2,658,314.07
Paid Life to Date	$2,658,314.07

**Redacted*

Amazon Data Services (PDX138) LTREZ Fee Payment Schedule

This investment broke ground in 2023, and received its first Certificate of Occupancy in July, 2024, which is a trigger point for the beginning of the 15 year exemption to begin in 2025. The first annual claim with employment, wage, and investment data was submitted in 2026 for CY2025.

The LTREZ agreement with ADS for it's PDX138 campus includes a number of obligations of the company to pay in lieu of taxes no later than November 15 each year for 15 years beginning in 2025. These payments are to be made to the GHEZ. The City of Hermiston and Umatilla County, as equal co-sponsors of the GHEZ, executed an LTREZ Distribution Agreement on October 5, 2022 to dictate where LTREZ fees associated with this exemption are to be sent.

1. Annual Improvement Payment ("AIP"): The payment shall be no less than $2 million. Half of all AIP revenue shall be sent to Umatilla County each year, and half shall be sent to the City of Hermiston. Once 3 of four main buildings on the campus are completed, the AIP rises to $3 million per year, and finally $4 million per year once the fourth building is occupied.

2. Additional Annual Fee ("AAF"): These payments will be made to the zone for each of the 15 exemption years. The payment shall equal the amount of local property tax which would have been paid on a taxable value of $25,000,000; which will be indexed up at 3% per year beginning

in 2023. The GHEZ shall distribute AAF revenue to all taxing jurisdictions which cover the PDX138 site in an amount proportional to each entity's share of the tax rate. The total first year of AAF revenue, paid out to districts in November, 2025, was $542,386.67. Future total AAF revenue should increase 3% annually, however individual disbursements may change if tax rates change and impact proportional shares of the overall rate.

AAF Breakdown	Rate	AAF Share
General County	0.0027997	$ 81,140.49
City of Hermiston	0.0059812	$ 173,346.25
Bond City of Hermiston	0.000021	$ 608.62
School Dist #61 Stanfield	0.0041263	$ 119,587.81
Bond Stanfield SD #61	0.0016198	$ 46,944.80
Intermountain ESD	0.0006051	$ 17,536.92
BMCC	0.0006498	$ 18,832.41
Bond BMCC	0.0001721	$ 4,987.78
Port of Umatilla	0.0001513	$ 4,384.95
Umatilla County Fire Dist 1	0.0017199	$ 49,845.89
Umatilla Morrow Radio & Data	0.0001671	$ 4,842.87
Cemetery Dist 6 Stanfield	0.0000971	$ 2,814.14
W. Umatilla Mosquito Control	0.0001987	$ 5,758.69
Downtown Hermiston URA	0.0002141	$ 6,205.01
Southwest Hermiston URA	0.0000005	$ 14.49
2022 Bond UCFD1	0.000191	$ 5,535.53
Total	**0.0187147**	**$ 542,386.65**

3. Public Safety Impact Fee ("PSIF"): These payments will be made to the zone for each of the 15 exemption years. The payments, originally set at $50,000 per year, will index upward at 3% per year. The GHEZ distributes PSIF revenue to Umatilla County Fire District #1. The total first year of PSIF revenue disbursed in November, 2025, was $57,963.70.

4. Student Success Fee ("SSF"): These payments will be made to the zone for each of the 15 exemption years. These fees were intended to offset impacts to area school systems which do not receive any distribution from the AAF. Since PDX138 is located within the taxing boundaries of Stanfield School District (SSD), SSD will receive a proportional share of the AAF. The annual SSF will be distributed to the Hermiston School District (HSD). The total first year of PSIF revenue disbursed in November, 2025 was $57,963.70.

Amazon (PDX245) Exemption Detail Through 2025

Amazon Data Services, Inc. (PDX245)

Property	
Application Submitted:	8/16/2022
Application Approved:	10/31/2022
Investment Amount	TBD*
First on Tax Rolls (15 year exemption)	TBD*
Total Investment	**TBD***
Employment	
Annual Avg. Employment at application	0
Annual Avg. Employment (2024)	n/a
New FTE Jobs Created (2020-2024)	n/a
Annual Avg. New Compensation	n/a
New Avg. Annual Payroll Created thru 2019	**$0**
Fee Payments	
Paid in Current Year	$0
Paid Life to Date	$0

*To be determined upon final construction completion.

Amazon Data Services (PDX245) LTREZ Fee Payment Schedule

NOTE: the PDX245 investment broke ground in 2024, thus triggering the Community Development Contribution of $5 million. However, it had not received a Certificate of Occupancy as of 12/31/2025. Therefore, the schedule below is intended to provide an overview of how fee payments will be distributed once they begin; the date of which is still to be determined based on an issuance of a Certificate of Occupancy.

The LTREZ agreement with ADS for it's PDX245 campus includes a number of obligations of the company to pay in lieu of taxes. These payments are to be made to the GHEZ. The City of Hermiston and Umatilla County, as equal co-sponsors of the GHEZ, executed an LTREZ Distribution Agreement on October 5, 2022 to dictate where LTREZ fees associated with this exemption are to be sent.

1. Annual Improvement Payment ("AIP"): These payments will be made to the zone for each of the 15 exemption years. The payment shall be no less than $2 million. Half of all AIP revenue shall be sent to Umatilla County each year, and half shall be sent to the City of Hermiston.

2. Additional Annual Fee ("AAF"): These payments will be made to the zone for each of the 15 exemption years. The payment shall equal the amount of local property tax which would have been paid on a taxable value of $25,000,000; which will be indexed up at 3% per year. The GHEZ

shall distribute AAF revenue to all taxing jurisdictions which cover the PDX245 site in an amount proportional to each entity's share of the tax rate. The total first year of AAF revenue, estimated to be paid in FY28, is estimated to be $575,000.

3. Public Safety Impact Fee ("PSIF"): These payments will be made to the zone for each of the 15 exemption years. The payments, originally set at $50,000 per year, will index upward at 3% per year. The GHEZ will distribute PSIF revenue to Umatilla County Fire District #1. The total first year of PSIF revenue, estimated to be in FY28, is estimated to be $61,500.

4. Student Success Fee ("SSF"): These payments will be made to the zone for each of the 15 exemption years. These fees were intended to offset impacts to area school systems which do not receive any distribution from the AAF. Since PDX245 is located within the taxing boundaries of Stanfield School District (SSD), SSD will receive a proportional share of the AAF. The annual SSF will be distributed to the Hermiston School District (HSD). The total first year of PSIF revenue, estimated to be in FY28, is estimated to be $61,500.

5. Community Development Contribution ("CDC"): This is a one-time upfront payment to be made to the GHEZ within 60 days of breaking ground. The CDC of $5 million will be sent 50/50 to Umatilla County and the City of Hermiston, and was paid in May, 2024

Future Bonding: The company will pay an amount to the GHEZ equal to what it's tax bill would have been, had it's taxable value been included in any voter-approved bond for public utilities, public education services, fire services, public health services, or public safety services, which is passed after October, 2022. This revenue shall be provided by the GHEZ to the jurisdiction responsible for making bond debt payments for the purposes of payment or pre-payment of debt service.

Amazon (PDX146) Exemption Detail Through 2025

Amazon Data Services, Inc. (PDX146)

<u>Property</u>	
Application Submitted:	8/16/2022
Application Approved:	10/31/2022
Investment Amount	TBD*
First on Tax Rolls (15 year exemption)	TBD*
Total Investment to-date	**$0***
<u>Employment</u>	
Annual Avg. Employment at application	0
Annual Avg. Employment (2024)	n/a
New FTE Jobs Created (2020-2024)	n/a
Annual Avg. New Compensation	n/a
New Avg. Annual Payroll Created thru 2019	**$0**
<u>Fee Payments</u>	
Paid in Current Year	$0
Paid Life to Date	$0

*To be determined upon final construction completion.

Amazon Data Services (PDX146) LTREZ Fee Payment Schedule

NOTE: the PDX146 investment had not broken ground in 2025. Therefore, the schedule below is intended to provide an overview of how fee payments will be distributed once they begin; the date of which is still to be determined based on an issuance of a Certificate of Occupancy.

The LTREZ agreement with ADS for it's PDX146 campus includes a number of obligations of the company to pay in lieu of taxes. These payments are to be made to the GHEZ. The City of Hermiston and Umatilla County, as equal co-sponsors of the GHEZ, executed an LTREZ Distribution Agreement on October 5, 2022 to dictate where LTREZ fees associated with this exemption are to be sent.

1. <u>Annual Improvement Payment ("AIP")</u>: These payments will be made to the zone for each of the 15 exemption years. The payment shall be no less than $2 million. Half of all AIP revenue shall be sent to Umatilla County each year, and half shall be sent to the City of Hermiston.

2. <u>Additional Annual Fee ("AAF")</u>: These payments will be made to the zone for each of the 15 exemption years. The payment shall equal the amount of local property tax which would have been paid on a taxable value of $25,000,000; which will be indexed up at 3% per year. The GHEZ shall distribute AAF revenue to all taxing jurisdictions which cover the PDX146 site in an amount

proportional to each entity's share of the tax rate. The total first year of AAF revenue, estimated to be paid in FY30, is estimated to be $610,000.

3. Public Safety Impact Fee ("PSIF"): These payments will be made to the zone for each of the 15 exemption years. The payments, originally set at $50,000 per year, will index upward at 3% per year. The GHEZ will distribute PSIF revenue to Umatilla County Fire District #1. The total first year of PSIF revenue, estimated to be in FY30, is estimated to be $65,000.

4. Student Success Fee ("SSF"): These payments will be made to the zone for each of the 15 exemption years. These fees were intended to offset impacts to area school systems which do not receive any distribution from the AAF. Since PDX146 is located within the taxing boundaries of Hermiston School District (HSD), HSD will receive a proportional share of the AAF. The annual SSF will be distributed to the Stanfield School District (SSD). The total first year of PSIF revenue, estimated to be in FY30, is estimated to be $65,000.

5. Community Development Contribution ("CDC"): This is a one-time upfront payment to be made to the GHEZ within 60 days of breaking ground. The CDC of $5 million will be sent 50/50 to Umatilla County and the City of Hermiston.

Future Bonding: The company will pay an amount to the GHEZ equal to what it's tax bill would have been, had it's taxable value been included in any voter-approved bond for public utilities, public education services, fire services, public health services, or public safety services, which is passed after October, 2022. This revenue shall be provided by the GHEZ to the jurisdiction responsible for making bond debt payments for the purposes of payment or pre-payment of debt service.

GHEZ Fund Projections

As a courtesy to the various stakeholders, below is a rough projection of revenues. Note that these projections depend entirely on a number of specific timing factors based on assumptions about when, and whether, certain investments take place.

The below is a view of the GHEZ Fund, which is not intended to hold resources. Therefore, based on the various agreements outlined with specific projects above, the GHEZ should disburse all funds out to various entities each year, and will not carry a balance.

GREATER Hermiston Enterprise Zone Fund Projections*

		Actuals							
		FY '24	FY '25	FY '26	FY '27	FY '28	FY '29	FY '30	FY '31
REVENUES									
PDX138									
	AIP			$ 2,000,000	$ 3,000,000	$ 4,000,000	$ 4,000,000	$ 4,000,000	$ 4,000,000
	AAF			$ 542,387	$ 558,658	$ 575,418	$ 592,681	$ 610,461	$ 628,775
	PSIF			$ 57,964	$ 59,703	$ 61,494	$ 63,339	$ 65,239	$ 67,196
	SSF		$ -	$ 57,964	$ 59,703	$ 61,494	$ 63,339	$ 65,239	$ 67,196
PDX245									
	CDC	$ 5,000,000							
	AIP					$ 2,000,000	$ 4,000,000	$ 4,000,000	$ 4,000,000
	AAF					$ 575,418	$ 592,681	$ 610,461	$ 628,775
	PSIF					$ 59,703	$ 61,494	$ 63,339	$ 65,239
	SSF					$ 59,703	$ 61,494	$ 63,339	$ 65,239
PDX146									
	CDC						$ 5,000,000		
	AIP							$ 2,000,000	$ 2,000,000
	AAF							$ 610,461	$ 628,775
	PSIF							$ 63,339	$ 65,239
	SSF							$ 63,339	$ 65,239
Lamb Weston									
	City	$ 450,000	$ 450,000	$ 450,000	$ 450,000	$ 450,000	$ 450,000	$ 450,000	$ 450,000
	Parks	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000
Gross Revenue		$ 5,500,000	$ 500,000	$ 3,158,314	$ 4,178,063	$ 7,893,229	$ 14,935,025	$ 12,715,214	$ 12,781,671
		Actuals							
		FY '24	FY '25	FY '26	FY '27	FY '28	FY '29	FY '30	FY '31
EXPENSES									
CDC to County		$ 2,500,000					$ 2,500,000		
CDC to City		$ 2,500,000					$ 2,500,000		
AIP to County			$ -	$ 1,000,000	$ 1,500,000	$ 3,000,000	$ 4,000,000	$ 4,000,000	$ 4,000,000
AIP to City			$ -	$ 1,000,000	$ 1,500,000	$ 3,000,000	$ 4,000,000	$ 6,000,000	$ 6,000,000
AAF			$ -	$ 542,387	$ 558,658	$ 1,150,836	$ 1,185,361	$ 1,831,383	$ 1,886,324
PSIF			$ -	$ 57,964	$ 59,703	$ 121,196	$ 124,832	$ 191,916	$ 197,673
SSF			$ -	$ 57,964	$ 59,703	$ 121,196	$ 124,832	$ 191,916	$ 197,673
Lamb to City GF		$ 450,000	$ 450,000	$ 450,000	$ 450,000	$ 450,000	$ 450,000	$ 450,000	$ 450,000
Lamb to City Parks		$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000
Gross Expenses		$ 5,500,000	$ 500,000	$ 3,158,314	$ 4,178,063	$ 7,893,229	$ 14,935,025	$ 12,715,214	$ 12,781,671
Net Revenue GHEZ		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

**Planning level projections only. No warranties made regarding any timing assumptions related to investment dates.*

New Tax Roll Timeline & History

Below is a schedule of when existing property claiming exemption will first come on to the tax rolls. The values indicate the value at the time of the investment, and not the depreciated value in the future. Industrial property tax valuations are not the same as what most people experience with their home, which generally speaking increases in value over time. Depending on the type of asset in an industrial setting, the actual taxable value is instantly depreciated 15% or more once it is placed in service. From there, due to obsolescence and other factors, industrial machinery and equipment depreciates in value every year. Certain types of equipment, such as computers and servers, depreciate rapidly.

Tax Year Start	Initial Investment*
July 1, 2014	$3,100,000
July 1, 2015	$60,000,000
July 1, 2016	$0
July 1, 2017	$0
July 1, 2018	$3,500,000
July 1, 2019	$16,482,000
July 1, 2020	$0
July 1, 2021	$0
July 1, 2022	$2,076,500
====BREAK====	
July 1, 2034	$293,992,043
====BREAK====	
July 1, 2040	*

Project Closeout History by Company

Companies with active projects listed above, including completed projects

Shearer's Foods		
Property		
Investment (2010)	(Completed)	$3,100,000*
First on Tax Rolls (3 year exemption)		July 1, 2014
Investment (2011)	(Completed)	$25,000,000*
First on Tax Rolls (3 year exemption)		July 1, 2015
Investment (2014)	(Completed)	$3,500,000*
First on Tax Rolls (3 year exemption)		July 1, 2018
Total Investment		**$31,600,000***
Employment		
Annual Avg. Employment at initial application		117
Annual Avg. Employment (2016)		438
New FTE Jobs Created (2010 – 2016)		321
Annual Avg. New Compensation		$20,800
New Avg. Annual Payroll Created thru 2016		**$6,676,800**
**Investment Amount is NOT* equivalent to taxable assessed value		

Pioneer Hi-Bred (Production)		
Property		
Investment (2009)	(Completed)	$35,000,000*
First on Tax Rolls (5 year exemption)		July 1, 2015
Investment (2013)	(Completed)	$13,900,000*
First on Tax Rolls (5 year exemption)		July 1, 2019
Total Investment		**$48,900,000***
Employment		
Annual Avg. Employment at application		0
Annual Avg. Employment (2019)		34
New FTE Jobs Created (2009 – 2019)		34
Annual Avg. New Compensation		$86,734
New Avg. Annual Payroll Created thru 2019		**$2,948,956**
**Investment Amount is NOT* equivalent to taxable assessed value		

DuPont Pioneer (Research)

Property

Investment (2013)	(Complete)	$2,582,000*
First on Tax Rolls (5 year exemption)		July 1, 2019
Total Investment		**$2,582,000***

Employment

Annual Avg. Employment at application	18
Annual Avg. Employment (2019)	25
New FTE Jobs Created (2013-2019)	7
Annual Avg. New Compensation	$79,058
New Avg. Annual Payroll Created thru 2019	**$553,406**

**Investment Amount is NOT* equivalent to taxable assessed value

Eastern Oregon Telecom

Property

Application Submitted:		7/21/2017
Application Approved:		7/21/2017
Investment (2017)	(Complete)	$1,922,545*
First on Tax Rolls (3 year exemption)		July 1, 2022
Total Investment		**$1,922,545***

Employment

Annual Avg. Employment at application	17
Annual Avg. Employment (2020)	22
New FTE Jobs Created (2017-2020)	5
Annual Avg. New Compensation	$n/a
New Avg. Annual Payroll Created thru 2017	**$n/a**

**Investment Amount is NOT* equivalent to taxable assessed value