Property Exempt from Taxation
63-602NN

USER GUIDE

A collaborative effort between the
Idaho State Tax Commission,
Idaho Association of Counties and
Idaho Commerce

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Road Map

(63-602NN)

Property tax incentives are a significant economic development tool to attract new and retain existing businesses.

Property eligible to be exempt from taxation is **new** manufacturing facilities with an investment of at least $3,000,000. A few things to keep in mind when considering this exemption are;

- Land is not eligible for this exemption.
- Existing buildings are not eligible for this exemption.
- Approval is discretionary and must be obtained from the local County Commissioners.
- The exemption can be given for up to 5 years.

In order to qualify for Property Tax Exemption, all four of the minimum criteria need to be satisfied. Below is a road map to help you navigate through the Property Tax Exemption process.

Qualifying Projects

1. Construction on the property has <u>not</u> started or completed.

   No STOP This exemption is used by counties as an incentive rather than a reward. If contruction has started or completed then the exemption can not be approved.

   Yes

2. Property is located in the county where the tax exemption is being requested.

   No STOP The exemption can only be approved by County Commissioners who reside over the county where the property is located.

   Yes

3. Investment is in manufacturing or intellectual property development.

   No STOP The statute only allows these two types of businesses to qualify for the property tax exemption under 63-602NN

   Yes

4. Minimum of $3,000,000 is invested in new plant and building facilities excluding land.

   No STOP The statute requires a minimum invest of $3,000,000 in facilities and equipment to qualify for the property tax exemption under 63-602NN

   Yes

5. Project qualifies.

This summary is made available only as a reference material that you may find useful. This summary in no way represents legal advice regarding Idaho Code Section 63-602NN, or any related property tax exemption statutes, and this summary is not a substitute for discussing specific situations directly with a business's own private legal counsel and county representatives.

Application Process

1. The facilitator (business representative, site selector, attorney, economic development professional or combination) will contact the County Commissioners to discuss the possibility of a property tax exemption. Are County Commissioners open to offering a full or partial exemption?

   No STOP The facilitator should notify the business that the County Commissioners do not feel this project is appropriate for the exemption.

   Yes

2. Submit a written project description to County Commissioners. This can be done by using an application or project outline. Below is information needed on the application and/or outline.
   a. The year (s) investment will be made.
   b. Amount of investment broken down by real and personal property (exclude land).
   c. Explanation of the percent of exemption requested.
   d. Site address or parcel number.
   e. Description of the tangible personal property or intellectual property that will be manufactured or constructed in this facility.
   f. If exemption is requested on existing facility, describe existing building and expansion.
   g. Provide a list of job titles and hourly wages and state whether jobs are full-time or part-time and whether jobs are permanent, temporary, or seasonal.
   h. Describe any additional benefits to the county as a result of this project.

   Note: A spreadsheet is a good tool to detail the investments, the year(s) of the investments, and the years of the proposed exemptions.

The Vote

1. The County Commissioners must vote on the requested exemption. Requested exemptions will be discussed during the public meeting. If the project is still confidential, the meeting can go into executive session to discuss the details of the project and client name. Once the commissioners are ready to vote, they will return to the public session and vote in public, still using the project name for confidential projects.
2. Once the vote is made in the public session the County Commissioners must read the resolution so that it is recorded. This will document the terms of the exemption. How did the County Commissioners vote?

   No. STOP The business will need to be notified that the exemption was not approved.

   Yes. Continue to the resolution/contract process.

The Resolution

1. The resolution will be considered the contract between the business and county. This will outline the parameters of the exemption, what the business promises to do and what the county promises to do.
2. Some counties may send notification to the business that the exemption has been approved.

The Assessment

1. The County Assessor will assess all properties annually. March of each year the business must declare all personal property. The Assessor's office will adjust the value of the property (real and personal) based on the approved exemption. The adjusted value will be sent to the business in June. The business will receive their tax bill in November from the County Treasurer which reflects taxes owed on the adjusted value.

Frequently Asked Questions

Property Exempt from Taxation

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1. This exemption is for manufacturing facilities only. How is manufacturing defined?

Answer: The statute does not define manufacturing. However; it does state the investment must be in new plant and building facilities. New plant and building facilities means a manufacturing facility which produces tangible personal property or intellectual property intended for resale.

2. Does the purchase of land count towards the $3,000,000 minimum investment?

Answer: No. The $3,000,000 investment must be in the new facility; buildings, equipment and parking facility.

3. Does the cost of site improvements such as sidewalks, curbs, gutters and landscaping count towards the $3,000,000 minimum investment.

Answer: No. Improvements such as these are considered part of the land. The $3,000,000 investment must be in the new facility; buildings, equipment and parking facility.

4. Since $100,000 of personal property is tax exempt, is the minimum investment actually $3,100,000?

Answer: No. The minimum investment in new facilities is $3,000,000. The state has approved that all businesses are exempt from paying taxes on the first $100,000 of personal property.

5. How often is the property assessed?

Answer: When a facility is under construction the county would appraise the property annually until the project was complete. This would be the case with a commercial or industrial property regardless of the exemption. A completed property would typically be physically inspected every 5 years, unless there were changes to the property. The value could change during construction as new buildings and equipment are added. Some counties may require an inspection more frequently to verify compliance with the conditions in the resolution.

6. The law states that the county commissioners may exempt all or a portion of the market value of the project for a period of up to five years. What might that look like?

Answer: The taxpayer and the county will determine a term that is acceptable to both parties (the percentage and number of years not to exceed five years). Any combination of percentage and years is allowable, see examples below.

- 75% for 4 years
- 50% for 5 years
- 100% for 3 years, and 50% for 2 years
- 100% for 2 years, 50% for 2 years, 25% for 1 year

The County may also determine when the exemption period begins. It does not necessarily need to start upon granting the exemption. If the taxpayer adds new property and an additional $3,000,000 investment after the exemption begins, then this new portion can also be given, up to, a five year exemption. The first qualifying project received a 100% exemption for 5 years beginning on January 1 2015 and ending January 1, 2020. The second qualifying project received a 75% exemption for 5 years beginning on January 1, 2017 and ending January 1, 2022.

7. What is the project period?

Answer: The project period means the period of time beginning when the first employee is hired or the first physical change to the project site (ground breaking); whichever is earlier and ends when the new facility is operational.

8. Is the term of the exemption required to match the length of the project period?

Answer: No. The exemption can be for up to five years. The term of the exemption is determined by the county commissions and is not tied to other time periods.

9. When does the exemption begin?

Answer: The statute does not state when the exemption must begin. Therefore, when it begins can be negotiated between the county commissioners and the business. It can be when construction begins, when the exemption is approved, when the facility is operational, when the $3,000,000 investment has been made, etc. The exemption just cannot exceed five years. Some things to keep in mind when determining the start of the exemption might be bonds, those soon to be expired and those planned for the near future. The agreed upon start and end date should be stated in the resolution.

Property Exempt from Taxation

Example Scenarios

(63-602NN)

1. A company chooses your community to build a new manufacturing facility. The market value of the land purchased is $3,000,000. The market value of the new facility after construction is $10,000,000. The County Commissioners may exempt all or a portion of the market value of the facility ($10,000,000) for up to 5 years. They cannot exempt any portion of the land value.

2. An existing company chooses to expand and build a new processing line. The existing building and land is valued at $12,000,000. The new processing line will increase the value of the building and land to $16,000,000. The County Commissioners may exempt all or a portion of the increase value of the property, which is $4,000,000 for up to 5 years. They cannot exempt any portion of the original value of $12,000,000.

3. A new company purchases an existing building. The existing building and land is valued at $8,000,000. The company will purchase new equipment in the amount of $3,000,000. The existing property **with** the new equipment is now valued at $11,000.000. The County Commissioners may exempt all or a portion of the increased value of the property, which is $3,000,000. They cannot exempt any portion of the original value of $8,000,000.

Idaho Statutes

TITLE 63
REVENUE AND TAXATION

CHAPTER 6
EXEMPTIONS FROM TAXATION

63-602NN. PROPERTY EXEMPT FROM TAXATION -- CERTAIN BUSINESS PROPERTY. (1) During tax year 2008, and each year thereafter, a board of county commissioners may declare that all or a portion of the market value of a defined project based on investment in new plant and building facilities meeting tax incentive criteria as defined in subsection (2) of this section shall be exempt from property taxation.

(2) As used in this section:

(a) "Defined project" means a written plan presented to the county commissioners by a taxpayer outlining projected investment in new plant for new plant and building facilities during a project period and located at a project site.

(b) "Investment in new plant" means investment in new plant and building facilities that are:

(i) Qualified investments; or

(ii) Buildings or structural components of buildings.

(c) "New plant and building facilities" means a manufacturing facility or facilities and personal property related thereto, producing tangible personal property or intellectual property intended for ultimate sale at retail, including related parking facilities, food service facilities, business office facilities and other building facilities directly related to the manufacturing business.

(d) "Project period" means the period of time beginning at the earlier of a physical change to the project site or the first employment of new employees or contractors located in Idaho who are related to the activities at the project site, but no earlier than January 1, 2008.

(e) "Project site" means an area or areas at which new plant and building facilities are located and at which the tax incentive criteria have been or will be met and which are either:

(i) A single geographic area located in this state at which the new plant and building facilities owned or leased by the taxpayer are located; or

(ii) One (1) or more geographic areas located in this state if eighty percent (80%) or more of the investment required in subsection (2)(h) of this section is made at one (1) of the areas.

(f) "Qualified investment" shall be as defined in section 63-3029B, Idaho Code.

(g) "Building or structural components of buildings" means real property improvements to land as defined in section 63-201(11), Idaho Code, which are owned or leased by the taxpayer and located in Idaho within the boundaries of the project site.

(h) "Tax incentive criteria" means a taxpayer at a project site meeting the requirements of subparagraphs (i) and (ii) of this paragraph:

(i) During the project period, making capital investments in new plant of at least three million dollars ($3,000,000) at the project site;

(ii) The taxpayer can demonstrate to the county that significant economic benefits will accrue to the county.

(3) The board of county commissioners may grant the property tax exemption for all or a portion of the market value of the defined

project for a period of up to five (5) years. The agreement shall be considered a contract arrangement between the county and the taxpayer for the exemption time period granted by the board of county commissioners and the annual approval provision contained in subsection (3) of section 63-602, Idaho Code, shall not apply to the exemption provided in this section as long as the contract enumerated in this section is valid and in force and effect.

(4) Property exempted under this section shall not be included on any new construction roll prepared by the county assessor in accordance with section 63-301A, Idaho Code, until the exemption ceases.

(5) The legislature declares this exemption necessary and just.

History:

[63-602NN, added 2008, ch. 327, sec. 1, p. 897; am. 2010, ch. 133, sec. 2, p. 284.]

How current is this law?

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listing on the new construction roll as described by Section 63-301(A)3, Idaho Code, should be listed on the new construction roll. (3-29-12)

04. Failure to Make the Qualifying New Capital Investment. (4-4-13)

a. If the taxpayer fails to make the qualifying new capital investment during the qualifying period, the property shall lose the exemption granted by this section at the conclusion of the qualifying period. (4-4-13)

b. In the event that, at any time during the project period, the taxpayer no longer intends to fulfill the qualified new capital investment requirements, the taxpayer must notify the county commissioners who shall notify the county assessor. Upon receipt of such notification, the property shall be taxable for the remainder of the year in which the notification is provided, pursuant to Section 63-602Y, Idaho Code. Failure of the taxpayer to provide such notice does not prevent the county assessor from discovering the taxpayer's intent through alternate procedures and then notifying the county commissioners that the requirements for the exemption are no longer met. In such an instance, the taxpayer must be notified and may appeal loss of the exemption to the county board of equalization as provided in Section 63-501A, Idaho Code. (4-4-13)

05. Continuation of Tax Exemption Following the End of the Project Period. (4-4-13)

a. At any time during the qualifying period, but not later than ninety (90) days after the conclusion of the qualifying period, the taxpayer must provide notice to the county commissioners with sufficient evidence to prove that the required qualifying new capital investment has been made. (4-4-13)

b. Once the taxpayer has successfully met all the requirements pursuant to Section 63-4502, Idaho Code, and provided notice to the county commissioners pursuant to Paragraph 630.05.a. of this rule, the county commissioners shall notify the county assessor and taxpayer of the taxpayer's continuing qualification for the exemption for all years thereafter. The county assessor shall retain this notice. (4-4-13)

c. After the year in which the taxpayer has been notified of continuing qualification as provided in Paragraph 630.05.b. of this rule, the taxpayer must continue to notify the county annually to identify the property to be exempted pursuant to Subsection 630.05. Failure to make such notification will not invalidate the exemption; the county assessor must then apply the exemption against the assessed value of the taxpayer's highest value parcel within the county. (4-4-13)

06. Cross Reference. For an explanation of the treatment of new construction relating to Sections 63-802 and 63-301A, Idaho Code, see Rule 802 of these rules. (3-29-12)

631. TAX EXEMPTION FOR INVESTMENT IN NEW PLANT AND BUILDING FACILITIES UPON COUNTY COMMISSIONERS' APPROVAL (RULE 631).
Section 63-602NN, Idaho Code

01. The Investment in Plant. In order to qualify for this exemption a taxpayer must invest at least three million dollars ($3,000,000) in new plant and building facilities excluding the investment in land. See Section 63-602NN, Idaho Code. (5-8-09)

02. The Exemption. The board of county commissioners may exempt all or a portion of the market value of the project for a period of up to five (5) years. Land is not to be included in this exemption. See Section 63-602NN(2), Idaho Code. (5-8-09)

03. Cross Reference. See Rule 802 of these rules for instructions relating to the valuation of new construction. (5-8-09)

632. PROPERTY EXEMPT FROM TAXATION - OIL OR GAS RELATED WELLS (RULE 632).
Section 63-602OO, Idaho Code

01. Definitions of Oil or Gas Well. (3-20-14) purpose of determining whether the increase has been approved by the electors, the "total levy for school plant facilities" shall be computed as follows. (3-29-10)

a. The first year's dollar amount of the proposed COSA plant facility levy shall be divided by the school district's actual market value for assessment purposes, including any increment value in any Revenue Allocation Area in the district, as of December 31 of the year immediately preceding the first year in which the COSA plant facility levy is to be made. (3-29-10)

b. The dollar amount most recently certified by the school district for an existing plant facilities fund levy shall be divided by the district's actual market value for assessment purposes as of December 31 of the year immediately preceding the first year in which the COSA plant facility levy is to be made. The value used for this calculation shall include any portion of increment value in any Revenue Allocation Area in the district, provided that property tax revenue resulting from the levy of the plant facilities fund against such increment value is allocated to the school district and not to any urban renewal agency. (3-29-10)

c. The quotients computed in Paragraphs 801.04.a. and 801.04.b. shall be summed. (3-29-10)

05. Maximum Amount of Increased Plant Facilities Fund. Except as provided in Subsection 801.04, when any district increases its plant facilities fund amount to be levied, the maximum amount shall not in any year exceed four tenths of a percent (0.4%) multiplied by the actual market value for assessment purposes as of December 31 of the year immediately preceding the first year the increased fund is to be levied. This limitation shall not apply to Cooperative Service Agency school plant facility levies, which, in any year, shall not exceed four tenths of a percent (0.4%) multiplied by the actual market value for assessment purposes as of December 31 of the immediate prior year. (3-29-10)

06. Special Reporting Requirements for State-Authorized Plant Facilities Levy. When the state Department of Education certifies a state-authorized plant facilities levy to any county under Section 33-909, Idaho Code, the county clerk shall forward a copy of such certification to the State Tax Commission as an attachment to the L-2 Form described in Rule 803 of these rules and submitted for the affected school district. (3-30-07)

07. Special Reporting for COSA and Increased Plant Facilities Levies. Any COSA plant facilities levy shall be reported on a separate line on the L-2 Form defined in Rule 803 of these rules. In addition, the increased amount of a plant facilities levy originally approved on or before December 31, 2007 shall be reported on a separate line on the L-2 Form. (3-29-10)

802. BUDGET CERTIFICATION RELATING TO NEW CONSTRUCTION AND ANNEXATION (RULE 802).

Sections 63-802, 63-301A, 63-602W, and 63-602NN, Idaho Code

01. Definitions. (4-5-00)

a. "Change of Land Use Classification." "Change of land use classification" shall mean any change in land use resulting in a secondary category change and in a change in taxable land value to be reflected on the current property roll. (4-7-11)

b. "Incremental Value as of December 31, 2006." "Incremental value as of December 31, 2006" means the total of the increment values on the property roll, subsequent property roll, missed property roll, and operating property roll for the 2006 tax year. (4-7-11)

c. "Nonresidential Structure." "Nonresidential structure" shall mean any structure listed by the assessor in any secondary category not described as residential, manufactured homes, or improvements to manufactured homes in Rule 511 of these rules. (4-2-08)

02. New Construction Roll Listing. "Listing" shall mean a summary report of the net taxable value of property listed on the new construction roll. This listing shall include the taxable value of qualifying new construction throughout each taxing district or unit, but shall not include otherwise qualifying new construction, the value of which will be included in the increment value of any revenue allocation area (RAA) within any urban renewal district encompassed by the taxing district or unit. In addition, new construction related to change of land use classification, but required by section 50-2903(4) to be added to the base assessment roll, cannot be added to any new construction roll. This report is to summarize the value reported on the new construction roll by taxing district or unit. Taxing districts and units shall be listed in the same order that is used for the certification of value required pursuant to Section 63-510(1), Idaho Code. (3-29-12)

a. Previously allowable new construction that has never been included. When a taxing district proves new construction described by Section 63-301A(3), Idaho Code, occurred during any one of the immediately preceding five (5) years and has never been included on a new construction roll, the county assessor must list that property on the immediate next new construction roll at the value proven by the taxing district. Any such additional new construction must also be separately listed for each taxing district or unit. The taxing district has the burden of proving the new construction was omitted from a new construction roll and the value that would have been listed for that property had it been listed on the appropriate new construction roll. No taxing district shall ever be granted any increase in budget authority greater than the amount that would have resulted had the property been listed on the appropriate new construction roll. Regardless of the year that the new construction should have been listed on the appropriate new construction roll, additional budget authority resulting from new construction previously omitted from a new construction roll and listed on the current year's new construction roll shall be permitted only if the taxing district is in compliance with the budget hearing notification requirements of Section 63-802A, Idaho Code, for the current year. (3-29-12)

b. Reporting the amount of taxable market value to be deducted. For each taxing district or unit, the new construction roll listing shall separately identify the total amount of taxable market value to be deducted as required in Section 63-301A(1)(f), Idaho Code. In addition to other requirements, the amount of value deducted shall never exceed the amount originally added to a new construction roll. (3-29-12)

c. Determining the amount of taxable market value to be deducted. The amount of taxable market value to be deducted under Section 63-301A(1)(f)(i), Idaho Code, shall be determined by the highest authority to which the assessment is ultimately appealed. Accordingly, adjustments should not be made until there has been a final decision on any appeal. In addition, the deduction for lower values resulting from appeals shall be made only for property that was placed on a new construction roll within the immediately preceding five (5) years. (3-29-12)

03. Special Provisions for Value Increases and Decreases. Special provisions for value increases and decreases related to change of land use classification as defined in Paragraph 802.01.a. of this rule or increases in land value resulting from loss of the exemption provided in Section 63-602W(4), Idaho Code. (4-4-13)

a. Value increases. Certain related land value increases are to be included on the new construction roll. (4-7-11)

i. Except as provided in Subparagraph 802.03.a.iii., increases in land value shall be reported on the new construction roll in the year in which the new category appears on the current property roll. (4-4-13)

ii. Except as provided in Subparagraph 802.03.a.iii., the increase in taxable land value to be reported shall be computed by subtracting the taxable land value, had the land remained in its previous use category, from the taxable land value in the current use category. (4-4-13)

iii. Subject to the limitations found in Paragraph 802.06.a. of this rule, increases in land value resulting from loss of the exemption provided in Section 63-602W(4), Idaho Code, shall be reported on the new construction roll in the year the exemption is lost, provided this occurs no later than June 30 of that year. If the exemption is lost after June 30 of a given year, the resulting increase in land value shall be reported on the new construction roll in the immediate following year. (4-4-13)

b. Value decreases. Certain related land value decreases are to be included on the new construction roll and subtracted from total new construction value for any taxing district. The amount of decrease in any one year shall never exceed the amount of value originally added to the new construction roll for the same property. (4-4-13)

i. Value decreases are to be reported only for land for which taxable market value was reduced as a result of change of land use classification or granting of the exemption for site improvements provided in Section 63-

602W(4), Idaho Code, during any one (1) of the immediately preceding five (5) years and for which an increase in value due to addition of site improvements or change of land use classification during the same five-year period had been added to a new construction roll. For the site improvement exemption provided in Section 63-602W(4), Idaho Code, the five-year period shall commence with the year following the year the exemption is first granted. For example, if a parcel first received the exemption in 2012, any site improvement related addition to a new construction roll for 2008 or more recently must be subtracted from the 2013 new construction roll, unless the exemption is lost by June 30, 2013, in which case there is no subtraction and no addition to the new construction roll for the loss of this exemption. (4-4-13)

ii. If the current land category is the same as the category prior to the change that resulted in an addition to the new construction roll, the amount to be subtracted shall equal the amount originally added. For example, a dry grazing land parcel that would have had a value of ten thousand dollars ($10,000) became commercial land and was assessed at fifty thousand dollars ($50,000). The forty thousand dollar ($40,000) difference was reported on the new construction roll in year one (1). In year two (2), the parcel is reclassified as dry grazing land and is to be assessed at fifteen thousand dollars ($15,000). The forty thousand dollar ($40,000) difference that was added to the year one (1) new construction roll must be deducted from the value shown on the new construction roll in year two (2). (4-7-11)

iii. If the current land category is different than the category prior to the change that resulted in an addition to the new construction roll, the amount to be subtracted shall be the lesser of the amount originally added or the amount that would have been added had the first change in land use been from the current land category. For example, a dry grazing land parcel that would have had a value of ten thousand dollars ($10,000) became commercial land and was assessed at fifty thousand dollars ($50,000). The forty thousand dollar ($40,000) difference was reported on the new construction roll in year one (1). In year two (2), the parcel is reclassified as irrigated agricultural land and would have had a value in year one (1) of twenty thousand dollars ($20,000). The amount to be subtracted from the value shown on the new construction roll in year two (2) is thirty thousand dollars ($30,000). (4-7-11)

iv. Provided the criteria in Subparagraph 802.03.b.i. are met, value decreases resulting from previously included land value becoming exempt are to be reported and subtracted. (4-4-13)

v. Except as provided in Subparagraph 802.03.b.vi., only land value decreases that meet the criteria listed in Subparagraphs 802.03.b.i. or 802.03.b.iv. of this rule and include and result from a change in land secondary category can be considered. (4-4-13)

vi. Provided the criteria in Subparagraph 802.03.b.i. are met, land value decreases resulting from the exemption provided in Section 63-602W(4), Idaho Code, are to be subtracted from the new construction roll in the year immediately following the most recent year in which the exemption has been granted. To comply with the budget adjustments required by Section 63-802, Idaho Code, which limits taxing district budgets based on the highest amount of property tax revenue requested during the previous three (3) years, such subtraction shall be required for up to three (3) years, provided the property continues to receive the exemption. For example, a property for which five hundred thousand dollars ($500,000) was added to the 2011 new construction roll for site improvements that were added and taxable at that time receives a five hundred thousand dollar ($500,000) exemption pursuant to Section 63-602W(4), Idaho Code, in 2012. The property continues to receive the exemption in the same amount in 2013, but the exempt amount increases to five hundred twenty thousand dollars ($520,000) in 2014. The property loses the exemption before June 30, 2015. However, the 2015 value of the site improvements has been determined to be only four hundred thousand dollars ($400,000) because of market value changes. Therefore, only four hundred thousand dollars ($400,000) in value is added as a result of the loss of the exemption. Table A shows the effect on each year's new construction roll, while Table B shows the effect on a hypothetical taxing district's maximum allowable property tax budget. (4-4-13)

vii. Table A - Effect on New Construction Roll:

Table A - Effect on New Construction Roll		
Year	Occurrence	Effect on New Construction Roll (for that year)
2011	Site improvements added and taxable	+ $500,000

Table A - Effect on New Construction Roll		
2012	Site improvements exempt	NA (no prior year's exemption)
2013	Site improvements exempt	- $500,000
2014	Site improvements exempt	- $500,000
2015	Loses site improvement exemption before June 30	+ $400,000

(4-4-13)

viii. In Table B, assume that the taxing district has a tax levy rate of zero point zero zero two five (0.0025) in 2010, a total taxable value of one hundred million dollars ($100,000,000) in 2010 and a property tax budget in 2010 that is two hundred fifty thousand dollars ($250,000) and was the highest of the preceding three (3) years. The total amount of new construction is the amount due to the site improvements and no other value change occurs in the district during the period shown. There are no property tax replacement monies for this district. Beginning in 2011 the taxing district levies the maximum it is allowed each year. The factor of one point zero three (1.03) shown in Table B is used to calculate the allowable three percent (3%) increase. (4-4-13)

ix. Table B - Effect on Hypothetical Taxing District's Maximum Allowable Property Tax Budget:

Table B - Effect on Hypothetical Taxing District's Maximum Allowable Property Tax Budget				
Year	**Occurrence**	**Effect on New Construction Roll (for that year)**	**Maximum Allowable Property Tax Budget**	**Calculations**
2011	Site improvements added and taxable	+ $500,000	$258,750	($250,000 X 1.03) + ($500,000 X 0.0025) (tax levy rate = $258,750/ $100,500,000 = 0.002574627)
2012	Site improvements exempt	NA (no prior year's exemption; no new construction value)	$266,512	$258,750 X 1.03 (tax levy rate = $266,512/ $100,000,000 = 0.002665120
2013	Site improvements exempt	- $500,000	$273,174	($266,512 X 1.03) – ($500,000 X 0.002665120) (tax levy rate = $273,174 / $100,000,000 = 0.002731744)
2014	Site improvements exempt	- $500,000	$280,003	($273,174 X 1.03) – ($500,000 X 0.002731744) (tax levy rate = $280,003/ $100,000,000 = 0.002800033
2015	Loses site improvement exemption before June 30	+ $400,000	$289,523	($280,003 X 1.03) + ($400,000 X 0.002731744) (tax levy rate = $289,523/ $100,400,000 = 0.002883696

(4-4-13)

04. Manufactured Housing. "Installation" of new or used manufactured housing shall mean capturing the net taxable market value of the improvement(s) that did not previously exist within the county. (7-1-97)

05. Partial New Construction Values. Except as provided in Subsection 802.06 of this rule, the net taxable market value attributable directly to new construction shall be reported on the new construction roll in the tax year it is placed on the current assessment roll. Except as provided in Subsection 802.06 of this rule, any increase in a nonresidential parcel's taxable value, due to new construction, shall be computed by subtracting the previous year's or years' partial taxable value(s) from the current taxable value. If any of this difference is attributable to inflation, such value, except as provided in Subsection 802.06 of this rule, shall not be included on the new construction roll.

Example: Assume a partially completed, nonresidential improvement was assessed at ten thousand dollars ($10,000) as of January 1, 2009. The improvement was occupied February 2, 2009. Assume the ten thousand dollar ($10,000) value was on the 2009 new construction roll. Assume that in 2010 the improvement is assessed at ninety thousand dollars ($90,000). Assume there has been no inflation. The value that can be reported on the 2010 new construction roll is calculated as follows:

2010 Value	$90,000
2009 Value Already Reported on New Construction Roll	<$10,000>
2010 New Construction Roll Value (this improvement)	$80,000

(4-7-11)

06. Change in Status. (4-2-08)

a. A previously exempt improvement which becomes taxable shall not be included on the new construction roll, unless the loss of the exemption occurs during the year in which the improvement was constructed or unless the improvement has lost the exemption provided in Section 63-602W(3) or (4), Section 63-602E(3), or Section 63-602NN, Idaho Code. For any such property, the amount that may be included on the new construction roll shall be the value of the portion of the property subject to the exemption at the time the exemption was first granted. Examples of special cases for the exemption provided in Section 63-602W(4), Idaho Code, follow: (4-4-13)

i. If the exemption is lost by June 30 of the year in which the exempt amount was to be subtracted from the new construction roll, then there shall be no subtraction, nor shall the formerly exempt amount be added, to the new construction roll, unless it had been previously subtracted from a new construction roll. For example, the property first became exempt in 2012, but lost the exemption by June 30, 2013. The 2013 new construction roll was not adjusted downward, so any previous inclusion of the exempt value would not be added in the future. Had the property lost the exemption later in 2013, there would have been a subtraction from the 2013 new construction roll and a subsequent addition to the 2014 new construction roll. (4-4-13)

ii. If the exemption was granted to property for which no value had been added to any new construction roll, the value of the property (site improvements) at the time the exemption was first granted may be added to the new construction roll following loss of the exemption. (4-4-13)

b. Upon receipt by the State Tax Commission of a resolution recommending adoption of an ordinance for termination of an RAA under Section 50-2903(5), Idaho Code, any positive difference of the most current increment value minus the "incremental value as of December 31, 2006," shall be added to the appropriate year's new construction roll. When this information is received after the fourth Monday in July, this positive net increment value shall be added to the following year's new construction roll. (4-7-11)

c. When a portion of an RAA is de-annexed, the following steps must be used to determine the amount to be added to the current year's new construction roll and the amount to be subtracted from the "incremental value as of December 31, 2006." (4-7-11)

i. Step 1. For the parcels in the de-annexed area, determine the December 31, 2006, increment value. (4-7-11)

ii. Step 2. Subtract the increment value determined in Step 1 from the most current increment value for the parcels in the de-annexed area. (4-7-11)

iii. Step 3. Add any positive difference calculated in Step 2 to the current year's new construction roll value. (4-7-11)

iv. Step 4. Adjust the "incremental value as of December 31, 2006" for the RAA by subtracting the increment value determined in Step 1. (4-7-11)

v. The following table shows the amount to be added to the current year's new construction roll and the amount to be subtracted from the "incremental value as of December 31, 2006" applicable to the adjusted remaining RAA. The table assumes an area is de-annexed from an original RAA effective December 31, 2009.

Steps (as designated in Paragraph 802.06.c.)	Area	Value
	December 31, 2006, increment value of the original RAA	$10,000,000
Step 1	December 31, 2006, increment value of the de-annexed area	$1,000,000
	December 31, 2009, increment value of the de-annexed area	$3,000,000
Steps 2 and 3	Amount related to the de-annexed area to be added to the 2010 new construction roll	$2,000,000
Step 4	Adjustment amount to be deducted from the original RAA's "incremental value as of December 31, 2006"	<$1,000,000>
	Adjusted "incremental value as of December 31, 2006" for the remaining RAA (base for future new construction roll additions upon dissolution of all or part of remaining RAA)	$9,000,000

(4-7-11)

07. Limitation on Annexation and New Construction Roll Value. For any taxing district annexing property in a given year, the new construction roll for the following year shall not include value that has been included in the annexation value. When an annexation includes any part of a revenue allocation area, only taxable value that is part of the current base value of the taxing district is to be included in the annexation value reported for that taxing district for the year following the year of the annexation. (3-29-10)

08. Notification of New Construction Roll and Annexation Values. On or before the fourth Monday in July, each county auditor must report the net taxable values on the new construction roll and within annexed areas for each appropriate taxing district or unit to that taxing district or unit. (3-20-04)

803. BUDGET CERTIFICATION -- DOLLAR CERTIFICATION FORM (L-2 FORM) (RULE 803).
Sections 63-602G(5), 63-802, 63-803, 63-3029B(4), 63-3638(11), and (13), Idaho Code. (4-11-15)

01. Definitions. (4-5-00)

a. "Dollar Certification Form" (L-2 Form). The Dollar Certification Form (L-2 Form) is the form used to submit to the State Tax Commission the budget request from each Board of County Commissioners for each taxing district. This form shall be presumed a true and correct representation of the budget previously prepared and approved by a taxing district. The budget will be presumed adopted in accordance with pertinent statutory provisions unless clear and convincing documentary evidence establishes that a budget results in an unauthorized levy and action as provided in Section 63-809, Idaho Code. (4-6-05)

b. "Prior Year's Market Value for Assessment Purposes." Prior year's market value for assessment purposes shall mean the value used to calculate levies during the immediate prior year. This value shall be used for calculating the permanent budget increase permitted for cities, pursuant to Section 63-802(1)(f), Idaho Code. (4-2-08)

SAMPLE RESOLUTION NO. _______________

A RESOLUTION OF THE _____________ COUNTY BOARD OF COMMISSIONERS AUTHORIZING THE BUSINESS PROPERTY TAX EXEMPTION PURSUANT TO §63-602NN, IDAHO CODE FOR ________________ COUNTY

WHEREAS, §31-801, Idaho Code, grants general powers and duties, subject to the restrictions of law, to the boards of county commissioners in their respective counties; and

WHEREAS, §31-828, Idaho Code, grants the Board authority "to do and perform all other acts … which may be necessary to the full discharge of the duties of the chief executive authority of the county government"; and

WHEREAS, §63-602NN(2)(a) and (b), Idaho Code, specifies what a "defined project" means and what "investment in new plant" means; and

WHEREAS, §63-602NN, Idaho Code, defines "tax incentive criteria" as a taxpayer at a project site that (1) makes capital investments in a new plant of at least three million dollars ($3,000,000) at the project site and (2) demonstrate that significant economic benefits will accrue to the county; and

WHEREAS, §63-602NN(3), Idaho Code, allows the Board of County Commissioners to negotiate the terms and grant such exemption for all or a portion of the market value of the defined project for a period of up to five (5) years.

NOW, THEREFORE, BE IT RESOLVED that the ________________ County Board of Commissioners determine that:

1. It is in the public interest to exempt ______ % of ___________ Company's investment of $_______________ in new facility and new machinery and equipment associated with the project for a total exemption of $___________.

2. §63-602NN, Idaho Code, enables a county to grant an exemption for up to five (5) years and ___________ County Board of Commissioners has agreed to grant an exemption for ______ years beginning __________ and ending __________.

3. _________ Company shall file an annual application (update) with ________ County showing the viability and progress of the project. The property eligible for this exemption shall not be placed on the new construction roll, pursuant to law, until the expiration of the exemption.

4. If at any time during the project period ___________ Company fails to meet the criteria of the exemption or ceases to do business in __________ County, then ________ County may seek recapture of property taxes that would have been paid but for the exemption.

5. The exemption for personal property included in the project will expire if the Idaho Legislature passes legislation which exempts personal property tax, in whole or part, during the term authorized by this exemption.

BE IT FURTHER RESOLVED that this resolution shall be effective this ________ day of _______, 20___.

__________ Motion Carried Unanimously

__________ Motion Carried/Split Vote below

__________ Motion Defeated/Split Vote below

	Yes	No	Did Not Vote
____________________________________ Chairman,	_____	_____	_______
____________________________________ Member,	_____	_____	_______
____________________________________ Member,	_____	_____	_______

ATTEST: ________________________, Clerk

By: ______________________________
Clerk or Deputy Clerk

SAMPLE CONTRACT/AGREEMENT
FOR THE BUSINESS PROPERTY TAX EXEMPTION §63-602NN

WITHIN ANY AGREEMENT OR CONTRACT:
Terms, Conditions and Requirements

- *Include Terms of Tax Relief (% age)*

The Board of ______________ County Commissioners has determined that the investment in new plant and building facilities as defined in §63-602NN(2)(b), Idaho Code, meets or exceeds the criteria as defined in §63-602NN(2)(h), Idaho Code.

The Board of ______________ County Commissioners has determined that the Project Period as defined in §63-602NN(2)(d), Idaho Code, shall commence as of January 1, _______ and shall expire on _________________.

________________ shall comply with all conditions imposed by other governmental entities in Idaho with respect to incentives granted related to this project.

- *Include # of years exemption granted (up to 5)*

Year 1	%
Year 2	%
Year 3	%
Year 4	%
Year 5	%

The exemption for personal property included in the project will expire if the Idaho Legislature passes legislation which exempts the personal property tax, in whole or part, during the term authorized by this exemption.

**** Include repayment provision (if business does not meet criteria or leaves before meeting investment threshold)*

If _________________ does not complete the defined project during the project period, then _______________ County may recapture taxes that would have been paid had the exemption not been granted. (Recapture of taxes in substantially the same manner as provided in Idaho Code §63-602G(5))

Signatures by BOCC and Company and Notarized

Board of ____________________ County Commissioners

By: ____
, Chairman

By: ____
, Commissioner

By: ____
, Commissioner

ATTEST:

____
__________County Clerk

____ (Company)

By: ____
Name

STATE OF IDAHO)
) ss.
County of _______________)

On this _________ day of ________________, 20_____, before me, a Notary Public, personally appeared __________________________________, known or identified to me to be the _______________ of the company/corporation that executed this instrument or the person who executed the instrument on behalf of said company/corporation, and acknowledged to me that such company/corporation executed the same.

____
Notary Public for Idaho
Commission Expires: ____________________

RESOLUTION NO. ________

A RESOLUTION OF THE CANYON COUNTY BOARD OF COMMISSIONERS GRANTING XYZ COMPANY A PROPERTY TAX EXEMPTION PURSUANT TO IDAHO CODE § 63-602NN

The following resolution and order was considered and adopted by the Canyon County, Idaho Board of Commissioners ("Board") on this ____ day of August, 2015.

Upon the motion of Commissioner **__________________________** and the second by Commissioner **________________________**, the Board resolves as follows:

WHEREAS, Idaho Code § 31-801 grants general powers and duties, subject to the restrictions of law, to the boards of county commissioners in their respective counties; and

WHEREAS, Idaho Code § 31-828 grants the Board authority "to do and perform all other acts . . . which may be necessary to the full discharge of the duties of the chief executive authority of the county government"; and

WHEREAS, Idaho Code § 63-602NN authorizes the Board to exempt certain investment in new plant and building facilities from property taxes; and

WHEREAS, the Board has considered the application of XYZ Company International, LLC (hereinafter "XYZ COMPANY"), for a property tax exemption related to investment in a new production facility to be developed at 123 Exemption Blvd, Nampa, Idaho, pursuant to Idaho Code § 63-602NN; and

WHEREAS, XYZ COMPANY has demonstrated by a written plan outlining the proposed project that it meets, or will meet, all of the requirements of Idaho Code § 63-602NN, as well as those standards established by Canyon County for receiving the exemption; and

WHEREAS, XYZ COMPANY plans to invest approximately $12,300,000 in new plant and equipment facilities at the project site during the project period, and has requested an exemption for seventy-five percent (75%) of its eligible investment in this project, for a total exemption not to exceed $9,225,000 in property value; and

WHEREAS, notwithstanding the exemption, approximately $3,075,000 of property value from the investment in this project will be added to the property tax rolls in Canyon County during the exemption period; and

WHEREAS, the Board has considered terms and conditions for granting XYZ COMPANY a property tax exemption pursuant to Idaho Code § 63-602NN, to include the following:

1. A seventy-five percent (75%) exemption on investments in new plant and equipment facilities that are qualified investments, or investments in buildings or structural components of buildings made during the project period provided XYZ COMPANY makes the minimum statutory investment of $3,000,000. The exemption shall apply to tax years 2016 through 2020.

2. XYZ COMPANY shall annually provide to the Canyon County Assessor, on or before March 15 of each year, beginning in 2016 and each year thereafter through 2020, a detailed list of the property and equipment that has been placed into service during the previous calendar year, and the Canyon County Assessor shall be permitted to verify the list, including through on-site inspection.

3. XYZ COMPANY shall invest $12,300,000 in new plant and building facilities that are qualified investments, or investments in buildings or structural components of buildings, and shall maintain evidence and documentation of all investments in property and equipment for the project period. These records shall be made available to the County upon request, with reasonable notice.

4. XYZ COMPANY shall comply with all conditions imposed by all other governmental entities in Idaho with respect to any other incentive agreements related to this project.

5. Canyon County may recapture taxes that would have been paid had the exemption not been granted unless XYZ COMPANY completes its project substantially as proposed, and continues operations at substantially the same level at the facility for the ten (10) years commencing immediately after the year the taxes were exempted (taxes to be recovered in substantially the same manner as described in Idaho Code § 63-602G(5)); and

6. XYZ COMPANY agrees to these conditions; and

WHEREAS, XYZ COMPANY has agreed to the terms and conditions set forth above; and

WHEREAS, the Board finds that significant economic benefits will accrue to the County, and to the taxing districts within Canyon County, as a result of the proposed investment.

WHEREFORE, THE BOARD HEREBY RESOLVES AS FOLLOWS:

Pursuant to Idaho Code § 63-602NN, and subject to the terms and conditions set forth above, the Board hereby agrees to exempt, for five (5) years, seventy-five percent (75%) of XYZ COMPANY's investment in new plant and equipment at 123 Exemption Blvd, Nampa, Idaho, in an amount not to exceed $9,225,000 in value, for the investment described above.

IT IS FURTHER RESOLVED BY THE BOARD, that this resolution shall be effective this ____ day of August, 2015.

20

______ Motion Carried Unanimously
______ Motion Carried/Split Vote Below
______ Motion Defeated/Split Vote Below

	Yes	No	Did Not Vote
____________________________ STEVEN J. RULE, Chairman	______	______	______
____________________________ CRAIG L. HANSON, Member	______	______	______
____________________________ TOM DALE, Member	______	______	______

ATTEST: CHRIS YAMAMOTO, CLERK

By: ________________________
Deputy Clerk

SAMPLE APPLICATION FORM FOR PROPERTY TAX EXEMPTION (Idaho Code 63-602NN)
(Return this form and any attachments to ___________ County, Attention: ___________________)
Property to be considered for this exemption

Total capital investment on new _________________ facilities and components located in ___________ County must be at least $ ____________ pursuant to 63-602NN or Resolution adopted by the Board of County Commissioners.							
Year of Investment	Investment Type[1] (L, B, or E)	Investment $ Amount	% Requested Exempt	Economic Life (Yrs)	Property Description	Site Address	Parcel #
Feel free to attach additional information related to the above information.							

Significant Economic Benefits

To qualify for this exemption the applicant must demonstrate that the above described qualified investments will accrue significant economic benefits to _______________ County. ____________ County favors the creation of permanent jobs paying a living wage above all other economic benefits.				
Please detail the new permanent jobs created through the above described qualified investments.				
Employee ID	Position Title	Hourly Wage	calendarDate Filled	Permanent
				Y / N
				Y / N
				Y / N
				Y / N
				Y / N
Describe other significant benefits that will accrue to _____________ County as a result of the qualified investments described above. Use separate sheet.				

Please include a copy of the current and prior year's tax forms (TAX020) filed with the Idaho Department of Labor. Upon approval of this exemption these forms and other documentation will be required annually. See attachment for additional information.

Print Name ____
Title ____
Phone ____
Website ____
Email ____

Under penalty of perjury, I declare that all information provided is true and correct.

Signature ____ Date ____________________

[1] Investment types are 1) "L" for land; 2) "B" for buildings and components; and 3) "E" for equipment.

EXEMPTION FOR CERTAIN BUSINESS PROPERTY (I.C.§ 63-602NN)

Requirements needed to meet exemption:

* Must be a nonretail, commercial or industrial facility producing tangible goods, intellectual property for commercial use or providing technical or professional services. Can include parking facilities, food service facilities, business office or other facilities related to commercial or industrial business.
* Investment means qualified investments; buildings or structural components of buildings; improvements to or the personal property associated with the new plant or building facilities, as long as the personal property is not otherwise exempt.
* Minimum Threshold of $500,000 of capital investment in new plant, as long as the capital investments are not otherwise exempt, or a higher threshold as established by resolution of the Board of County Commissioners.
* Any exemption from market value shall only be considered with the investment in new plant or facilities meeting the tax incentive criteria.

Application Instructions:

An applicant seeking an exemption for all or a portion of certain business property pursuant to Idaho Code § 63-602NN must submit to the __________ County Board of Commissioners:

Property to be considered for the Exemption:

1. List attached buildings or equipment that will be considered for the exemption. Include the year the investment will be made, the amount of the investment, the amount you are requesting to be exempt, the economic life of the property, a description of the property, site address and parcel number.

2. If an exemption is requested n real property due to expansion of that existing property, please provide the description that the building(s) are situated on and a diagram that identifies the buildings.

3.

Significant Economic Benefits:

1. Please list employee ID, position title, hourly wage, date new jobs would be created, and indicate whether jobs would be permanent or part-time.

2. Provide copy of State form TAX020 (Employer Quarterly Unemployment Insurance Tax Report) submitted to the Idaho Department of Labor,

3. Please provide information on any other significant economic benefits that would accrue to ____________________ County as a result of the qualifying investments.

1. An application seeking the exemption shall include:

a. A description of the facility to be constructed and associated taxable personal property tax to be installed, including parcel number and site address;

b. A description of the tangible personal property or intellectual property that will be manufactured or constructed in this facility;

c. A description of when the project would begin;

d. An explanation of the percent of exemption requested.

c. An analysis on how the facility will meet the test of "investment in new plant",

2. A description on how the applicant proposes to meet the "tax incentive criteria" including actual capital investment exceeding $ and an analysis of the projected benefits of the new facility to the community. (Provide estimated number of new employees, average wages and whether permanent or part-time) Include a copy of the current and prior year's tax forms filed with the Idaho Department of Labor.

3. Please describe what other significant benefits could accrue as a result of this qualified investment.

4.

General Information:

1. A Board of County Commissioners may adopt a higher threshold annually than the $500,000 contained in statute. This would be done by Resolution of the Board of County Commissioners.

2. When a county receives an application for the exemption pursuant to §63-602NN, Idaho Code, they shall, within ____ days of receiving such application, provide electronic notice to any affected taxing district. Because of potential impact against current bonds, also send notice to the urban renewal agency(s) within your county or cities.

3. Notify the State Tax Commission when granting an exemption

4.

WITHIN ANY AGREEMENT OR CONTRACT:
- Include Terms of Tax Relief (% age)
- Include # of years exemption granted (up to 5)
- Include repayment provision (if business does not meet criteria or leaves before meeting investment threshold)

BOARD OF ADA COUNTY COMMISSIONERS
APPLICATION REQUIREMENTS FOR THOSE SEEKING A PROPERTY TAX EXEMPTION FOR CERTAIN BUSINESS PROPERTY PURSUANT TO IDAHO CODE § 63-602NN

I. Application Requirements

A. An applicant seeking an exemption for all or a portion of certain business property pursuant to Idaho Code 63-602NN must submit to the Board of Ada County Commissioners the following information:

1. A short cover letter asking that the exemption be granted for a Defined Project pursuant to Idaho Code 63-602NN, describing the years for which the application is being submitted, and for what portions of the facility the exemption is sought.

2. Concurrently with the cover letter a written plan must be submitted describing these six matters:

    a. A description of the manufacturing facility to be constructed and associated personal property to be installed, a schedule of construction, and an analysis outlining how the applicant proposes to comply with the "new plant and building facilities" test;

    b. A description of the items of tangible personal property or intellectual property that will be manufactured in the facility;

    c. An analysis on how the facility will meet the test of "investment in new plant", i.e. will the investment be a qualified investment, an investment in buildings or structural components of buildings, or a combination of the two;

    d. A description of how the applicant proposes to meet the "tax incentive criteria" including actual capital investment exceeding three million dollars and an analysis of projected (or actual significant benefits from the new facility provided to the community);

    e. A statement of the first tax year for which the applicant requests an exemption and a description of how the project period test will commence (or how it has already commenced); and

    f. A description of the project site.

3. Concurrently with the cover letter a statement describing the proposed payroll for the first year of the project period showing the number of employees hired and total payroll broken into 2 categories:

    a. Projected fully burdened labor costs for employees with benefits

    b. Projected fully burden labor costs for employees without benefits

B. The applicant must also agree in writing to sign the Ada County Business Property Tax Incentive Exemption Contract.

II. General Information

The exemption cannot be prorated for portions of a year.

The Board of Ada County Commissioners cannot grant the exemption retroactively.

Should the Board of Ada County Commissioners, in the exercise of its discretion, determine that the tax incentive criteria have been met and grant the exemption for all or a portion of the facility, it may do so for a maximum of five years from the date the “Project period” begins to run or the remaining number of years of the “Project Period” if an application is received after the “Project Period” has commenced.

In order for an applicant to receive an exemption for the year in which the application is received, the application must be received by the Board of Ada County Commissioners no later than 5:00 p.m. of the forth Monday in June of that year. Applicants are, however, encouraged to submit an application for this exemption no later than December of the year preceding the year for which they might first qualify. Early application allows an applicant to provide any additional information that may be missing within the time limits granted the Board of Ada County Commissioners for decision making.

The legislature has authorized the Board of Ada County Commissioners to enter into an agreement with a successful applicant regarding continuing benefit requirements during the Project Period. Accordingly, applicants need only apply for this exemption the first year and do not have to file an annual application as would be required for other exemptions. Applicants may be required to provide regular updates to the Board of Ada County Commissioners regarding compliance with the contract.

Canyon County

Summary Process and Standards for Granting Exemptions under Section 63-602NN

☐ Is there a written plan outlining the proposed project?[1]

☐ Is the projected investment in new plant?

"Investment in new plant" means investment in new plant and building facilities that are: (i) Qualified investments; or (ii) Buildings or structural components of buildings.[2]

As used in this section "qualified investment" means certain property which: (a) (i) Is eligible for the federal investment tax credit, as defined in sections 46(c) and 48 of the Internal Revenue Code subject to the limitations provided for certain regulated companies in section 46(f) of the Internal Revenue Code and is not a motor vehicle under eight thousand (8,000) pounds gross weight; or (ii) Is qualified broadband equipment as defined in section 63-30291, Idaho Code; and (b) Is acquired, constructed, reconstructed, erected or placed into service after December 31, 1981; and (c) Has a situs in Idaho as determined under subsection (9) of this section.[3]

"Building or structural components of buildings" means real property improvements to land as defined in section **63-201(11)**, Idaho Code, which are owned or leased by the taxpayer and located in Idaho within the boundaries of the project site.[4]

"Improvements" means all buildings, structures, manufactured homes, as defined in section **39-4105(8)**, Idaho Code, mobile homes as defined in section **39-4105(9)**, Idaho Code, and modular buildings, as defined in section **39-4301(7)**, Idaho Code, erected upon or affixed to land, fences, water ditches constructed for mining, manufacturing or irrigation purposes, fixtures, and floating homes, whether or not such improvements are owned separately from the ownership of the land upon or to which the same may be erected, affixed or attached. The term "improvements" also includes all fruit, nut-bearing

[1] Idaho Code 63-602NN(2)(a).
[2] Idaho Code 63-602NN(2)(b).
[3] Idaho Code 63-3029B(3).
[4] Idaho Code 63-602NN(2)(g).

and ornamental trees or vines not of natural growth, growing upon the land, except nursery stock.[5]

☐ Is the projected investment in new plant an investment in new plant and building facilities?

"New plant and building facilities" means a manufacturing facility or facilities and personal property related thereto, producing tangible personal property or intellectual property intended for ultimate sale at retail, including related parking facilities, food service facilities, business office facilities and other building facilities directly related to the manufacturing business.[6]

☐ Does the plan identify a project period?

"Project period" means the period of time beginning at the earlier of a physical change to the project site or the first employment of new employees or contractors located in Idaho who are related to the activities at the project site, but no earlier than January 1, 2008.[7]

☐ Does the plan identify a project site (in Canyon County)?

"Project site" means an area or areas at which new plant and building facilities are located and at which the tax incentive criteria have been or will be met and which are either: (i) A single geographic area located in this state at which the new plant and building facilities owned or leased by the taxpayer are located; or (ii) One (1) or more geographic areas located in this state if eighty percent (80%) or more of the investment required in subsection (2)(h) of this section is made at one (1) of the areas.[8]

☐ Will three (3) million dollars or more in capital improvements be made to the project site within the project period?[9]

☐ Has the taxpayer demonstrated “significant economic benefits” will accrue to the county?

If the exemption is applicable (all the above criteria have been met), the Board must make the following decisions:

---

[5] Idaho Code 63-201(11).
[6] Idaho Code 63-602NN(2)(c).
[7] Idaho Code 63-602NN(2)(d).
[8] Idaho Code 63-602NN(2)(e).
[9] Idaho Code 63-602NN(2)(h)(ii).

1. What portion of the market value should be exempted? ____________________%

   Board may exempt all or part.[10]

2. How long shall the exemption be granted, provided taxpayer meets all conditions going forward?

   _____ years

   Exemption may be for a period not exceeding five (5) years.[11]

Resolution should be adopted that incorporates agreement between taxpayer and county.

[10] Idaho Code 63-602NN(1)and (3).
[11] Idaho Code 63-602NN(3).