

Road Map

Property Exempt from Taxation 2017

(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 or existing **non-retail** plant or building facilities with a minimum investment amount established by county ordinance, not less than \$500,000. A few things to keep in mind when considering this exemption are:

- Land is not eligible for this exemption.
- Site improvements to land such as utilities and roads are not eligible for this exemption.
- Approval is discretionary and must be obtained from the local County Commissioners.
- County Commissioners must pass an ordinance establishing the minimum required investment amount.
- Exemption is on the increased value of the property, not on the investment amount.
- Exemption can be given for up to 5 years.

Below is a road map to help you navigate through the Property Tax Exemption process.

Qualifying Projects

1. Construction on the property has not started or completed.

No  This exemption is used by counties as an incentive rather than a reward. If construction 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  The exemption can only be approved by County Commissioners who reside over the county where the property is located.


Yes 

3. Investment is in non-retail or intellectual property development.

No  The statute does not allow retail businesses to qualify for the property tax exemption under 63-602NN

Yes 

4. Minimum investment as required by county ordinance is invested in new or existing non-retail plant and building facilities, excluding land.

No  The statute requires a minimum investment (not less than \$500,000) in facilities and equipment to qualify for the property tax exemption under 63-602NN

Yes 

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.

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5. Project qualifies.

County Ordinance

1. County Commissioners must pass an ordinance to establish the minimum required investment, not less than \$500,000.
2. Once passed, ordinance and established investment amount will stay in effect until a new ordinance is passed.
3. Ordinance must remain in effect during the entire tax year in which it was first passed.
4. A new ordinance can be passed with a different investment amount in future tax years.
5. Guidelines under which an exemption was made with a prior ordinance will remain in effect for the exemption time period granted.
6. The ordinance only sets the threshold for the investment amount. It does not set any other guidelines. Those will be made in the resolution.

Application Process

1. Each county has their own process.
2. County Commissioners have complete discretion on whether to accept or deny an application.
3. The facilitator (business representative, site selector, attorney, economic development professional or combination) will contact the appropriate representative at the county to discuss the possibility of a property tax exemption. Are County Commissioners open to offering a full or partial exemption?

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

Yes 


4. Submit a written project description to County Commissioners or County Assessor. 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 and existing buildings).
 - 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

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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.  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. It is important to communicate approved exemptions with the county assessors since they are responsible for reporting.

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. The amount of the increased value of the property is what is eligible to be exempt.