

STATEMENT OF PURPOSE

RS23269C2

Property tax exemption for qualified projects is one of the few economic development tools available to county governments to support and encourage business expansion opportunities. Over the past several years, county commissioners have suggested that the limited scope of the property tax exemption – namely that it requires \$3 million in capital investment and can only be used to support manufacturing projects – has been a limiting factor in supporting businesses that would have provided a boost to the local economy. This legislation enhances the project eligibility beyond manufacturing and creates a lower threshold for capital investment of \$2 million for urban counties and \$500,000 for rural counties. County commissioners would retain sole discretion on whether to extend this exemption to an eligible project. They would also be required to notify local taxing districts and urban renewal districts when considering a property tax exemption.

FISCAL NOTE

This legislation would not result in any direct impact to the General Fund. However, it is anticipated that the expansion of the county property tax exemption for qualified projects could enhance the usage of the Idaho Tax Reimbursement Incentive. Because the Tax Reimbursement Incentive is designed to reimburse taxes actually paid, any additional usage of the county property tax exemption tool as local match for the Tax Reimbursement Incentive would perpetually generate the revenues needed to fund the incentive.

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