

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 192

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO PROPERTY TAX EXEMPTIONS; AMENDING SECTION 63-602NN, IDAHO CODE,
2 TO PROVIDE APPLICATION OF A PROPERTY TAX EXEMPTION TO A CHANGE IN BASE
3 VALUE OF CERTAIN NEW AND EXISTING PLANTS, TO REMOVE, REVISE AND ALPHA-
4 BETIZE DEFINITIONS, TO REVISE TAX INCENTIVE CRITERIA, TO PROVIDE FOR
5 EXECUTIVE SESSIONS AND NOTICE OF PUBLIC HEARINGS BY A BOARD OF COUNTY
6 COMMISSIONERS CONSIDERING AN EXEMPTION, AND TO PROVIDE THAT CERTAIN
7 OPERATING PROPERTY IS INELIGIBLE FOR THE EXEMPTION.
8

9 Be It Enacted by the Legislature of the State of Idaho:

10 SECTION 1. That Section 63-602NN, Idaho Code, be, and the same is hereby
11 amended to read as follows:

12 63-602NN. PROPERTY EXEMPT FROM TAXATION -- CERTAIN BUSINESS PROP-
13 ERTY. (1) ~~During tax year 2008, and each year thereafter, a board of county~~
14 ~~commissioners may declare that all or a portion of the market value of a de-~~
15 ~~defined project based on investment in new plant and building facilities meet-~~
16 ~~ing tax incentive criteria as defined in subsection (2) of this section shall~~
17 ~~be exempt from property taxation~~ Provided that there is a plant investment
18 that meets all tax incentive criteria as defined in subsection (2) of this
19 section, the board of county commissioners may exempt all or a part of the
20 change from the base value attributable directly to the plant investment.

21 (2) As used in this section:

22 (a) "Base value" means the assessed value on the county's property
23 rolls of property associated with the plant investment from the year im-
24 mediately preceding the year representing the beginning of the project
25 period during which a plant investment pursuant to this section occurs.

26 (b) "Building or structural components of buildings" means real prop-
27 erty improvements to land as defined in section 63-201(11), Idaho Code,
28 that are owned or leased by the taxpayer and located in Idaho within the
29 boundaries of the project site.

30 (c) "Defined project" means a written plan presented to the county com-
31 missioners by a taxpayer outlining projected investment in new plant
32 for new plant and building facilities during a project period and lo-
33 cated at a project site.

34 (d) "Plant investment in new plant" means investment in new or exist-
35 ing plant and building facilities that are. Such plant and building
36 facilities include buildings or structural components of buildings,
37 related parking facilities, food service facilities, business of-
38 ice facilities and other building facilities directly related to the
39 business making the plant investment. Plant investment also includes
40 investments in the personal property associated with the plant and its
41 facilities.

42 ~~(i) Qualified investments; or~~

1 ~~(ii) Buildings or structural components of buildings.~~

2 ~~(c) "New plant and building facilities" means a manufacturing facil-~~
 3 ~~ity or facilities and personal property related thereto, producing tan-~~
 4 ~~gible personal property or intellectual property intended for ultimate~~
 5 ~~sale at retail, including related parking facilities, food service fac-~~
 6 ~~ilities, business office facilities and other building facilities di-~~
 7 ~~rectly related to the manufacturing business.~~

8 ~~(de) "Project period" means the period of time beginning at the earlier~~
 9 ~~of a physical change to the project site or the first employment of new~~
 10 ~~employees or contractors located in Idaho who are related to the activi-~~
 11 ~~ties at the project site, but no earlier than January 1, 2008.~~

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

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

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

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

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

27 ~~(hg) "Tax incentive criteria" means a taxpayer at a project site meet-~~
 28 ~~ing the requirements of subparagraphs (i) and (ii) of this paragraph the~~
 29 ~~following conditions:~~

30 (i) ~~During the project period, making capital investments in new~~
 31 ~~plant of at least three million dollars (\$3,000,000) The plant in-~~
 32 ~~vestment is not less than five hundred thousand dollars (\$500,000)~~
 33 ~~at the project site or a higher dollar amount established by res-~~
 34 ~~olution of the board of county commissioners; provided, however,~~
 35 ~~that any portion of the plant investment is not otherwise exempt~~
 36 ~~pursuant to this chapter;~~

37 (ii) ~~The taxpayer can demonstrate to the county that The plant in-~~
 38 ~~vestment will bring significant economic benefits will accrue to~~
 39 ~~the county; and~~

40 (iii) ~~The plant or building facilities will be for nonretail pur-~~
 41 ~~poses that are either commercial or industrial.~~

42 (3) The board of county commissioners may grant the property tax ex-
 43 emption for ~~all or a portion of the market value of the defined project~~ for
 44 a period of up to five (5) years. The agreement shall be considered a con-
 45 tract arrangement between the county and the taxpayer for the exemption time
 46 period granted by the board of county commissioners and the annual approval
 47 provision contained in subsection (3) of section 63-602, Idaho Code, shall
 48 not apply to the exemption provided in this section as long as the contract
 49 enumerated in this section is valid and in force and effect. If, within the
 50 project period, the use or nature of the defined project or investment in the

1 new plant changes such that the project would no longer qualify for the tax
2 exemption, the board of county commissioners may unilaterally terminate the
3 agreement and withdraw the tax exemption.

4 (4) When considering whether to grant the property tax exemption, the
5 board of county commissioners may consider trade secrets, as defined in
6 section 74-107(1), Idaho Code, in executive session as allowed in section
7 74-206(1) (d), Idaho Code.

8 (5) Before granting a property tax exemption under this section, the
9 board of county commissioners shall hold a public meeting regarding whether
10 to grant the exemption. The board of county commissioners shall provide
11 a summary of the application under consideration, a written notice of the
12 time, date and location of the public meeting, and an invitation to partici-
13 pate in the meeting to all affected taxing districts, urban renewal agencies
14 and the Idaho department of commerce at least five (5) calendar days before
15 the meeting.

16 (6) Property exempted under this section shall not be included on any
17 new construction roll prepared by the county assessor in accordance with
18 section 63-301A, Idaho Code, until the exemption ceases. Operating prop-
19 erty, pursuant to chapter 2, title 63, Idaho Code, is subject to assessment
20 by the state tax commission and shall not be eligible for the exemption.

21 (~~5~~7) The legislature declares this exemption necessary and just.