

**TAX EXEMPTION AGREEMENT BY AND BETWEEN ADA COUNTY AND**

\_\_\_\_\_

This Tax Exemption Agreement (the "Agreement") is made and entered into this \_\_\_\_\_, 20\_\_ (the "Effective Date"), by and between \_\_\_\_\_ and Ada County, a duly formed and existing county pursuant to the laws and Constitution of the State of Idaho, ("County")

**WHEREAS**, I.C. § 63-602NN authorizes County to declare that all or a portion of the market value of a defined project with investments that meet certain tax incentive criteria may be exempted from property taxation for a period of up to five (5) years based on the benefit determined by the Board of County Commissioners is provided to the community;

**WHEREAS**, the Board of Ada County Commissioners, in consultation with the College of Business and Economics at the University of Idaho, has determined to base the exemption decision upon several factors, including but not limited to: the amount of wages to be paid to employees in the new facility, the number of new jobs created, whether or not new employees will be provided health insurance, and whether or not the project draws new money to Ada County;

**WHEREAS**, \_\_\_\_\_ has presented to County a written plan that meets the requirements of Idaho Code Section 63-602NN(2) for a Defined Project by showing projected investments in plant and building facilities in \_\_\_\_\_, Idaho to formulate manufacture and produce \_\_\_\_\_;

**WHEREAS**, \_\_\_\_\_ is experienced in the \_\_\_\_\_ business;

**WHEREAS**, the business of \_\_\_\_\_ is a \_\_\_\_\_ industry;

**WHEREAS**, County has examined the written plan, has examined the community benefit provided by the Defined Project, and has determined that it is in the best interest of the public to grant an exemption to \_\_\_\_\_; and

**WHEREAS**, \_\_\_\_\_ and County (the "Parties") desire to enter into an enforceable written agreement pursuant to Idaho Code Section 63-602NN(3) specifying the terms, conditions and requirements for obtaining annual tax exemptions with respect to the market value of this Defined Project;

**NOW, THEREFORE**, for good and valuable consideration, the Parties agree as follows:

**1) Tax Exemption Findings. The Board of Ada County Commissioners finds as follows:**

- a) Compliance with Prerequisites. \_\_\_\_\_ has constructed or acquired approximately \_\_\_\_\_ of Investment in New Plant as defined in I.C. § 63-602NN(2)(b), which meets or exceeds the Tax Incentive Criteria as defined in I.C. § 63-602NN(2)(h).

- b) Determination of Project Period. The Board of Ada County Commissioners has determined that the Project Period, as defined in I.C. § 63-602NN(2)(d), commenced as of \_\_\_\_\_, 20\_\_\_\_. Accordingly, the first tax year for which an exemption may be granted is \_\_\_\_\_.
- c) Contract Term. \_\_\_\_\_ shall be eligible for \_\_\_\_\_ (\_\_\_\_) more annual exemptions pursuant to this Agreement, and subject to the terms of this Agreement. The year in which this Agreement becomes effective, as written above, and the additional annual exemption years described in this paragraph 1(c) shall collectively constitute the term of this Agreement (the "Term").
- d) No Carryover. Each tax year stands on its own. There shall be no rollover or carry-over of tax exemption credits or unused tax exempt valuation from year to year.

## 2) Grant of Tax Credit.

- a) Amount of Credit. \_\_\_\_\_ shall be granted a property tax credit in the amount of \_\_\_\_\_ per dollar of Benefitted Fully Burdened Labor Cost for each employee working on the Defined Project and added to the general payroll of \_\_\_\_\_. \_\_\_\_\_ shall be granted a property tax credit in the amount of \_\_\_\_\_ per dollar of Non-Benefitted Fully Burdened Labor Cost for each employee working on the Defined Project and added to the general payroll of \_\_\_\_\_. For purposes of this Agreement "Benefitted" shall mean provision of comprehensive health insurance to the employee and health insurance made available to the employee's dependents at a reasonable rate. For purposes of this Agreement, employee wages shall include both (1) direct wages, bonuses and other monetary payments made to new employees working in connection with this Defined Project, and (2) certain overhead and general and administrative (G&A) costs (e.g., FICA, health insurance and retirement benefits) associated with these employees (collectively "Fully Burdened Labor Cost").
- b) Application of Credit to Market Value of Investment in New Plant. The tax credit described in paragraph 2(a) above shall be applied by the Ada County Assessor for the purpose of exempting all or portions of the market value of tax parcels comprising Investment in New Plant, made or proposed to be made by \_\_\_\_\_ in compliance with the written plan submitted as part of the Defined Project.

## 3) Process and Procedures.

- a) Preliminary Estimate. During each year of the Term, on the first working day of the month of June, \_\_\_\_\_ shall provide a good faith forecast of its Fully Burdened Labor Cost for that calendar year. This Fully Burdened Labor Cost forecast is solely for planning purposes and the tax credit exemption shall be based upon the actual Fully Burdened Labor Cost for that calendar year as adjusted in December. The Board of Ada County Commissioners shall calculate the preliminary amount of tax credit available based on this forecast.

- b) On the first working day of December of each tax year in which a credit is available, \_\_\_\_\_ shall provide to the Board of Ada County Commissioners a report from a certified public accountant containing the following information:
- i) The total amount of Fully Burdened Labor Cost for that calendar year paid to Benefitted employees working on the Defined Project, projected through December 31<sup>st</sup> of that year;
  - ii) The total amount of Fully Burdened Labor Cost for that calendar year paid to Non-Benefitted employees working on the Defined Project, projected through December 31<sup>st</sup> of that year;
  - iii) The total number of employees working on the Defined Project as of December 1<sup>st</sup> of that year;
  - iv) The total number of employees employed by \_\_\_\_\_ in all capacities in Ada County;
  - v) Total gross sales for that calendar year, projected through December 31<sup>st</sup>;
  - vi) Total projected gross sales for the next calendar year;
  - vii) The percentage of gross sales for that calendar year derived outside of the Treasure Valley;
  - viii) A summary description of the current valuation of the Investment in New Plant which formed the basis of the Defined Project; and
  - ix) A description of any changes to the Defined Project, which have occurred during the previous twelve months.
- c) Annual Adjustment of Tax Credit.
- i) Promptly upon receipt of the report required in paragraph 3(b) above the Board of Ada County Commissioners will calculate the amount of tax credit available based on the information contained in the report. If the amount of the tax credit is insufficient to cover the amount of property taxes due on the Investment in New Plant, if the amount of property taxes owed after application of the tax credit exceed the amount of property taxes forecast during the Board of Equalization Process in June of that year, County and \_\_\_\_\_ agree that the balance owed shall be placed on the missed property roll described in I.C. § 63-311. As an example, if \_\_\_\_\_ pays less Fully Burdened Labor Cost than projected, resulting in less tax credit being available, and if the lesser amount of tax credit available results in property tax being due, the parties agree that the Ada County Assessor shall add the balance due on the missed property roll.

ii) If the recalculation results in a greater tax bill being owed by \_\_\_\_\_, \_\_\_\_\_ shall be given a hearing before the Board of Ada County Commissioners in which the results of the recalculation are described and in which \_\_\_\_\_ shall be given an opportunity to be heard in response. The Board of County Commissioners shall thereafter render a written decision, which shall in all events, be issued prior to the date property taxes due as a result of entry on the missed property roll must be paid.

**4) General Provisions.**

- a) Authority. The signatories hereto affirm and represent, one to the other, that they have full legal authority on behalf of their respective parties to enter into their respective commitments as set forth herein, and that no additional approvals are required to make this Agreement effective for the entire Term.
- b) Venue. This Agreement and its performance shall be construed in accordance with and governed by the laws of the State of Idaho, with venue for any action brought pursuant to this Agreement to be in the Fourth Judicial District, State of Idaho.
- c) Merger and Integration. This writing embodies the whole agreement of the parties. There are no promises, terms, conditions, or obligations other than those contained in this Agreement. All previous and contemporaneous communications, representations, or agreements, either verbal or written, between the parties are superseded by this Agreement.
- d) This Agreement may be modified or amended only by a writing duly executed by both parties.

**IN WITNESS WHEREOF**, the Parties hereto have duly executed this Agreement effective as of the Effective Date.

**Board of Ada County Commissioners**

By: \_\_\_\_\_  
Jim Tibbs, Commissioner

By: \_\_\_\_\_  
Rick Yzaguirre, Commissioner

By: \_\_\_\_\_  
David L. Case, Commissioner

ATTEST:

\_\_\_\_\_  
Christopher D. Rich, Ada County Clerk

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