



# PROSECUTOR

9/15/2016  
9/20/2016 meeting

PROSECUTOR  
Item #1

## MEMORANDUM

**To:** Commissioners

**Re:** Litehouse, Inc. Property Tax Exemption- **RESOLUTION**

**Description:**

Idaho Code section 63-602NN authorizes the Board of County Commissioners to grant certain businesses operating in Bonner County a tax exemption for new construction in its discretion. This exemption is meant to encourage business growth and incentivize the creation of new, high-paying jobs for the people of Bonner County.

Litehouse, Inc. has applied for the exemption described in section 63-602NN. More particularly, Litehouse plans to construct new plant and building facilities which will increase its ability to produce and store salad dressings. Litehouse is a well know national brand and provides many high-paying jobs to the citizens of Bonner County.

In order to effectively administer the tax exemption described above, the Idaho State Tax Commission requires the Board of Commissioners to pass a resolution describing the exemption offered and authorizing the County to enter into a contract with the company receiving the exemption.

**Distribution:** Original to BOCC

Electronic Copies to: Litehouse – [kprior@litehouseinc.com](mailto:kprior@litehouseinc.com)

Assessors, Treasurer's, & Auditor's Offices

**Reviewed by Legal:** 

A suggested motion would be: I move to adopt Resolution #16- 65 setting forth the terms of the tax exemption offered to Litehouse, Inc., the Board hereby agrees to exempt, for (5) years beginning in 2017 and continuing through 2021, Litehouse's investments at 110 North Ella Avenue, Sandpoint, Idaho, in an amount not to exceed \$4,650,000.00 (75% of \$6,200,000.00) in value, for the investment described in the Resolution.

Recommendation Acceptance:  yes  no

  
Commissioner Cary Kelly, Chairman

Date: 9/20/16

**RESOLUTION NO. 16-65**

**A RESOLUTION OF THE BONNER COUNTY BOARD OF COMMISSIONERS  
GRANTING LITEHOUSE, INC. A PROPERTY TAX EXEMPTION  
PURSUANT TO IDAHO CODE § 63-602NN**

**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**, on 20 September, 2016, the Board considered the application of Litehouse, Inc. (hereinafter "Litehouse") for a property tax exemption for a new production facility to be developed at 1109 North Ella Avenue, Sandpoint, Idaho pursuant to Idaho Code § 63-602NN; and

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

**WHEREAS**, Litehouse plans to invest approximately \$6,200,000 in new facilities and equipment at the project site during the project period; and

**WHEREAS**, notwithstanding the exemption, approximately \$1,550,000 of property value from the investment in new plant and facilities will be added to the property tax rolls in Bonner County during the project period; and

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

1. That seventy-five percent (75%) of Litehouse's investment in new plant and building facilities that are qualified investments, or investments in

buildings or structural components of buildings, will be exempt from property tax for five (5) years beginning in 2017 and ending in 2021. Actual reductions in property taxes due to the exemption will depend on actual dollars invested in new plant and building facilities that are qualified investments or investments in buildings or structural components of buildings, and on the millage rate (which varies from year to year).

2. Investments in equipment and machinery will also be exempt in years 2017 through 2021 at the following rates:
  - a. Year 1 100% exemption
  - b. Year 2 100% exemption
  - c. Year 3 75% exemption
  - d. Year 4 50% exemption
  - e. Year 5 50% exemption
3. Litehouse shall annually provide to the Bonner County Assessor, on or before March 15th of each tax year, a detailed list of the property and equipment that has been placed into service during the previous calendar year, and the Bonner County Assessor shall be permitted to verify the list, including through on-site inspection.
4. Litehouse shall invest \$6,200,000 in new plant and building facilities that are qualified investments, or investments in buildings or structural components of buildings by the end of the project period, 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.
5. Litehouse shall comply with all conditions imposed by all other governmental entities in Idaho with respect to any other incentive agreements related to this project.
6. Bonner County may recapture taxes that would have been paid had the exemption not been granted unless Litehouse completes its project substantially as proposed and continues operations at substantially the same level at the facility for ten (10) years after the year the taxes were exempted (taxes to be recovered substantially in the same manner as described in Idaho Code § 63-602G(5)); and

7. Lighthouse agrees to these conditions;

**WHEREAS**, Lighthouse 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 Bonner 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 (5) years beginning in 2017 and continuing through 2021, Lighthouse's investments at 110 North Ella Avenue, Sandpoint, Idaho, in an amount not to exceed \$4,650,000.00 (75% of \$6,200,000.00). in value, for the investment described above.


**IT IS FURTHER RESOLVED BY THE BOARD** that this resolution shall be effective this 20<sup>th</sup> day of September, 2016.

Chairman Kelly: Age

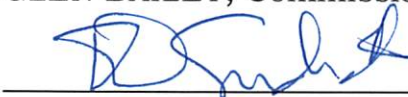
Commissioner Bailey: Age

Commissioner Sudick: Age

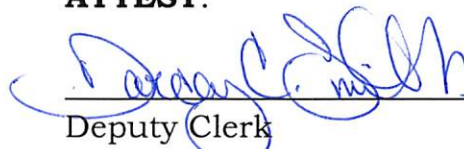
**BOARD OF COUNTY COMMISSIONERS**

  
CARY KELLY, Chairman

  
GLEN BAILEY, Commissioner

  
TODD SUDICK, Commissioner

**ATTEST:**

  
Deputy Clerk