



# PROSECUTOR

6/10/2016  
6/14/16 meeting

PROSECUTOR.  
Item #1

## MEMORANDUM

**To:** Commissioners

**Re:** Quest Aircraft Company Property Tax Exemption- **RESOLUTION**

**Description:**

Idaho Code section 63-602NN authorizes the Board of County Commissioners to grant any business 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.

Quest Aircraft Company has applied for the exemption described in section 63-602NN. More particularly, Quest is in the process of constructing new plant and building facilities which will increase its ability to produce aircraft. The aerospace industry is important in Bonner County and provides quality jobs for many people in the community.

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 Julie Halliday.

A suggested motion would be: I move to adopt the aforementioned Resolution setting forth the terms of the tax exemption offered to Quest Aircraft Company. I further move to authorize the Board of County Commissioners to enter into a contract with Quest to secure Quest's guarantee to complete its project as proposed.

Recommendation Acceptance: ☒ yes ☐ no

  
Commissioner Cary Kelly, Chairman

Date: 6/14/16

RESOLUTION NO. 16-47

**A RESOLUTION OF THE BONNER COUNTY BOARD OF COMMISSIONERS  
GRANTING QUEST AIRCRAFT COMPANY 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 June 14, 2016, the Board considered the application of Quest Aircraft Company (hereinafter "Quest") for a property tax exemption for a new production facility to be developed at 1200 Turbine Drive, Sandpoint, Idaho pursuant to Idaho Code § 63-602NN; and

**WHEREAS**, Quest 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**, Quest plans to invest approximately \$3,089,000 in new facilities and equipment at the project site during the project period; and

**WHEREAS**, notwithstanding the exemption, approximately \$772,250 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 Quest a property tax exemption pursuant to Idaho Code § 63-602NN, to include the following:

1. That seventy-five percent (75%) of Quest'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 2016 and ending in 2020. 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 2016 through 2020 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. Quest 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. Quest shall invest \$3,089,000 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. Quest 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 Quest 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. Quest agrees to these conditions;

**WHEREAS**, Quest 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 2016 and continuing through 2020, Quest's investments at 1200 Turbine Drive, Sandpoint, Idaho, in an amount not to exceed \$2,316,750 in value, for the investment described above.

**IT IS FURTHER RESOLVED BY THE BOARD** that this resolution shall be effective this 14<sup>TH</sup> day of May, 2016.  
June

Chairman Kelly: \_\_\_\_\_

Commissioner Bailey: Aye

Commissioner Sudick: Aye

**BOARD OF COUNTY COMMISSIONERS**

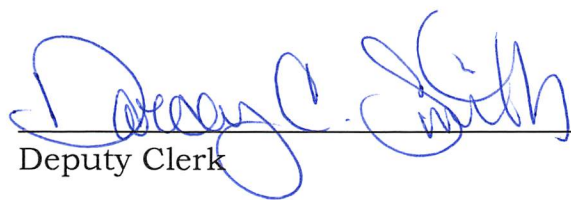
**Absent**

\_\_\_\_\_  
CARY KELLY, Chairman

Glen Bailey  
\_\_\_\_\_  
GLEN BAILEY, Commissioner

Todd Sudick  
\_\_\_\_\_  
TODD SUDICK, Commissioner

**ATTEST:**

A handwritten signature in blue ink, appearing to read "Deputy Clerk", is written over a horizontal line.

Deputy Clerk

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Legal