



Idaho Incentives/Tax Credits:

→ Idaho Business Advantage –For qualifying companies it:

- Increases the Investment Tax Credit to 3.75% against the corporate income tax. This is for the personal property part of the project (machinery/equipment – computers).
- Real Property Improvement Tax Credit of 2.5% against corporate income tax - \$125,000 per taxable year with 14 year carry forward so total of \$1,750,000. This is the real property part of the project (land/buildings).
- New Jobs Tax credit – increases the standard \$1000/per job corporate income tax credit up to maximum of \$3,000/per job, depending on wages paid.
- Sales & Use Tax Rebate of 25%. This is for any sales & use tax that is paid for the property constructed, located or installed within the project.
- Small Employer Growth Incentive – local county commissions can grant an exemption on all or part of the new investment value from property taxes for a determined period of time. This would have to be petitioned to the commission where the project would be located.
- To qualify a company must make a minimum \$500,000 investment in new facilities and create at least 10 new jobs that pay at least \$40,000 annually plus benefits. Average wage for all other jobs created must be \$15.50/hr plus benefits.

→ Idaho Power – Industrial Efficiency Incentive – *Cash Incentives for Energy-Efficient Designs*. The financial incentive is determined on the least of two calculations:

- a. 12 cents per kilowatt-hour(KWh) saved per year or
- b. 70 percent of the incremental project cost from a 2006 energy code rated project to a high efficiency project.

Additional information from Chris Pollow, 208-388-5949 – Idaho Power

→ Work Force Development Training Fund - Up to \$2,000/per new job created, paid directly to company. Jobs must be \$12/hr or more with benefits and the company must produce a product or service that is mainly marketed outside the region where the business is located.

→ 3% Investment Tax Credit – Credit against Idaho Corporate Income tax for qualifying new investment in tangible personal property (machinery & equipment) in Idaho. It can offset up to 50% of a company's liability and may be carried forward 14 years.

→ New Jobs Income Tax Credits –

\$1,000 credit against Idaho Corporate Income tax for any business adding new employees who work at least 20 hours at \$15.50/hr or more and are eligible to receive employer provided coverage under an accident or health plan.

\$500 credits against Idaho Corporate Income tax for any Idaho business that produce, assemble, fabricate, manufacture or process natural resource products. This credit may not be combined with the \$1,000 new jobs tax credit.

- TIF (Tax Increment Financing) can be used in our Cities in Urban Renewal Districts. This money can be used to fund project costs such as utility construction, land costs, pad and compaction, footings, foundations and other improvements.
- IRB – Industrial Revenue Bonds are a means of primarily financing the construction, enlargement, or equipping of manufacturing plants, and a limited number of non-manufacturing facilities. The project must be under \$20 million.
- Block Grants – Some parts of our region are eligible to apply for Community Development Block grants which are available through the Department of Commerce for up to \$500,000. This money must be used by a city or county for public infrastructure improvements.
- Rural Property Tax Exemption – Businesses that invest in new manufacturing facilities may receive partial or full property tax exemptions from local county commissioners. To qualify, businesses must invest a minimum of \$3 million and build in a rural area as defined by USDA Rural Development.

Idaho Tax Overview:

- Sales and Use Tax in Idaho of 6%. This would apply to items purchased or consumed in Idaho. Exemptions are available for equipment and raw materials used directly in manufacturing, processing, or fabrication; clean rooms used in semiconductor and semiconductor equipment manufacturing; and any equipment or material used in research and development activities. We do not tax services including telecommunication services, and utilities such as water, gas, electricity, or natural gas. In our region we do not have any local option sales tax.
- Property Tax – personal (machinery/equipment) and real (land/buildings) – based on market value.

2008 rates: Ada County - Inside city limits (averages) 1.192% and outside city limits 1.053%
2008 rates: Canyon County - Inside city limits (averages) 1.694% and outside city limits 1.094%

Idaho does not have an inventory tax.
- Corporate Income Tax – Computed at 7.6% of the Idaho taxable income of a corporation. Corporations that are taxable in Idaho and another state or country or are part of a unitary group of corporations, use a 3 factor formula to ascertain how much of the business is conducted in Idaho. The apportionment formula is made up of a property factor, a payroll factor, and a sales factor. These three factors, with the sales factor being double weighted for all taxpayers except for electrical and telephone companies, are totaled and divided by 4 to compute the Idaho apportionment factor. The Idaho apportionment factor is then applied to the business income of the corporation to compute income assigned to Idaho. Non-business income allocable to Idaho is added to the income apportioned to Idaho to arrive at Idaho taxable income.