

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 51

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO INCOME TAXATION; AMENDING CHAPTER 30, TITLE 63, IDAHO CODE, BY
2 THE ADDITION OF A NEW SECTION 63-3029L, IDAHO CODE, TO DEFINE TERMS,
3 TO PROVIDE FOR CERTIFICATION, TO PROVIDE THE AGRICULTURE VALUE ADDED
4 INCOME TAX CREDIT, TO PROVIDE THE TAXABLE YEAR FOR THE AGRICULTURE VALUE
5 ADDED INCOME TAX CREDIT, TO PROVIDE PROCEDURES, TO PROVIDE FOR INVEST-
6 MENT REPORTING FORMS, TO PROVIDE RULES AND TO PROVIDE APPLICATION;
7 DECLARING AN EMERGENCY, PROVIDING RETROACTIVE APPLICATION AND PROVID-
8 ING A SUNSET CLAUSE.
9

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

11 SECTION 1. That Chapter 30, Title 63, Idaho Code, be, and the same is
12 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
13 ignated as Section 63-3029L, Idaho Code, and to read as follows:

14 63-3029L. AGRICULTURE VALUE ADDED INCOME TAX CREDIT. (1) As used in
15 this chapter:

16 (a) "Agricultural commodity processing facility" means a facility that
17 through processing involving the employment of knowledge and labor,
18 adds value to an agricultural commodity raised in Idaho.

19 (b) "Director" means the director of the department of commerce.

20 (c) "Qualified business" means a company that:

21 (i) Is either licensed or authorized to do business in the state of
22 Idaho for the primary purpose of processing and marketing agricul-
23 tural commodities raised in this state;

24 (ii) Is in compliance with the requirements for filings with the
25 director of the department of finance pursuant to the securities
26 laws of this state; and

27 (iii) Creates additional jobs and utilizes increased agricul-
28 tural commodities.

29 (d) "Taxpayer" is defined in section 63-3009, Idaho Code.

30 (2) The director shall certify whether a business that has requested to
31 become a qualified business meets the requirements of subsection (1) (c) of
32 this section. The director shall establish the necessary forms and proce-
33 dures for certifying qualified businesses.

34 (3) If a taxpayer makes an investment in a qualified business, the tax-
35 payer is entitled to a credit against state income tax liability as deter-
36 mined pursuant to this chapter. The amount of the credit to which a taxpayer
37 is entitled is thirty percent (30%) of the amount invested by the taxpayer in
38 qualified businesses during the taxable year, subject to the following:

39 (a) The aggregate tax credit per qualified business entity pursuant to
40 this section is not more than five hundred thousand dollars (\$500,000).
41 This subsection may not be interpreted to limit additional investment
42 by a taxpayer for which that taxpayer is not applying for a credit.

1 (b) In any taxable year, a taxpayer may claim no more than fifty per-
2 cent (50%) of the credit pursuant to this section that is attributable
3 to qualified investments in a single taxable year. The amount of the
4 credit allowed pursuant to this section for any taxable year may not ex-
5 ceed fifty percent (50%) of the taxpayer's tax liability as otherwise
6 determined pursuant to this chapter.

7 (c) Any amount of credit pursuant to this section not allowed because
8 of the limitations in this section may be carried forward for up to four-
9 teen (14) taxable years after the taxable year in which the investment
10 was made.

11 (d) A partnership that invests in a qualified business must be con-
12 sidered to be the taxpayer for purposes of the investment limitations
13 in this section and the amount of the credit allowed with respect to a
14 partnership's investment in a qualified business must be determined at
15 the partnership level. The amount of the total credit determined at the
16 partnership level must be allowed to the partners in proportion to their
17 respective interests in the partnership.

18 (e) The investment must be at risk in the business. A qualified in-
19 vestment must be in the form of a purchase of ownership interests or the
20 right to receive payment of dividends from the business. A qualified
21 business for which a credit is received pursuant to this section must be
22 held for at least three (3) years.

23 (f) The entire amount of an investment for which a credit is claimed
24 pursuant to this section must be expended by the qualified business for
25 plant, equipment, research and development for the qualified business.

26 (g) The state tax commission may disallow any credit otherwise allowed
27 pursuant to this section if any representation by a business in the ap-
28 plication for certification as a qualified business proves to be false
29 or if the taxpayer or qualified business fails to satisfy any conditions
30 pursuant to this section or any conditions consistent with this sec-
31 tion otherwise determined by the state tax commission. The amount of
32 any credit disallowed by the state tax commission that reduced the tax-
33 payer's income tax liability for any or all applicable tax years, plus
34 penalty and interest provided pursuant to this chapter, must be paid by
35 the taxpayer.

36 (4) The tax credit pursuant to this section accrues to the taxpayer for
37 the taxable year in which full consideration for the investment in the quali-
38 fied business was received by the qualified business.

39 (5) To receive the tax credit provided pursuant to this section, a tax-
40 payer must claim the credit on the taxpayer's annual state income tax return
41 in the manner prescribed by the state tax commission and file with the return
42 a copy of the form issued by the qualified business as to the taxpayer's in-
43 vestment in the qualified business pursuant to this section.

44 (6) Within thirty (30) days after the date on which an investment in a
45 qualified business is purchased, the qualified business shall file with the
46 state tax commission and the director and provide to the investor completed
47 forms prescribed by the state tax commission which show, as to each invest-
48 ment in the qualified business, the following:

49 (a) The name, address and identification number of the taxpayer who
50 made the investment;

- 1 (b) The dollar amount paid for the investment by the taxpayer; and
2 (c) The date on which full consideration was received by the qualified
3 business for the investment.
4 (7) The state tax commission may promulgate administrative rules in
5 compliance with chapter 52, title 67, Idaho Code, to implement the provi-
6 sions of this section.

7 SECTION 2. An emergency existing therefor, which emergency is hereby
8 declared to exist, this act shall be in full force and effect on and after
9 its passage and approval, and retroactively to January 1, 2013, and shall be
10 null, void and of no force and effect on and after December 31, 2018; provided
11 that subsection (3) (c) of Section 63-3029L, Idaho Code, shall remain in ef-
12 fect beyond December 31, 2018.