

STATEMENT OF PURPOSE

RS22951

Idaho is uniquely poised to accelerate the growth of new business opportunities, accelerate the creation of high-paying jobs, and diversify the state's economy. The Tax Reimbursement Incentive is a new performance-based economic development tool that provides a tax credit up to 30% for up to 15 years on new corporate income tax, sales tax, and payroll taxes paid as a result of a new qualifying project. This credit would be available to both existing and new companies seeking expansion in the state. The tax credit percentage and project term would be negotiated based upon the quality of jobs created, regional economic impact and return on investment for Idaho. All incentives will be approved by the Idaho Economic Advisory Council and will be governed by detailed agreements between the state and incented companies. Information regarding all the corresponding tax credits and the economic impact will be reported annually to the Governor and Idaho State Legislature, and the commitments will be publicly available on the Idaho Department of Commerce website.

FISCAL NOTE

This bill will incur no cost to the general fund to initiate. Because the incentive is designed to reimburse taxes actually paid, the bill will perpetually generate the revenues needed to fund the incentive. Under the incentive, the state will retain at least 70% of all new state tax revenues and will forgo no more than 30% of those revenues. The estimated maximum revenue to the state in FY 2015 is \$10,000,000, provided there are applicants to the program. The estimated forgone revenue in FY 2015 is no more than \$3,000,000, leaving a net revenue increase to the state treasury of \$7,000,000.

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