

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 678

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO THE IDAHO SEMICONDUCTORS FOR AMERICA ACT; AMENDING CHAPTER 36,
2 TITLE 63, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 63-3622WW, IDAHO
3 CODE, TO ESTABLISH PROVISIONS REGARDING A SALES AND USE TAX EXEMPTION
4 FOR QUALIFYING PROJECTS RELATING TO SEMICONDUCTOR FABRICATION, ASSEM-
5 BLY, TESTING, ADVANCED PACKAGING, AND RESEARCH AND DEVELOPMENT; AND
6 DECLARING AN EMERGENCY AND PROVIDING AN EFFECTIVE DATE.
7

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

9 SECTION 1. That Chapter 36, Title 63, Idaho Code, be, and the same is
10 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
11 ignated as Section 63-3622WW, Idaho Code, and to read as follows:

12 63-3622WW. IDAHO SEMICONDUCTORS FOR AMERICA ACT. (1) This section
13 shall be known and may be cited as the "Idaho Semiconductors for America
14 Act."

15 (2) It is the intent of the legislature that the Idaho semiconductors
16 for America act will meet all criteria set forth in federal law and program
17 guidelines from the United States department of commerce or other delegated
18 agency of the federal government to implement the domestic fabrication, as-
19 sembly, testing, advanced packaging, or research and development of semi-
20 conductors to mitigate domestic supply chain risks, increase economic com-
21 petitiveness, protect intellectual property, and decrease national secu-
22 rity risks.

23 (3) On and after July 1, 2022, there is exempted from the taxes imposed
24 by this chapter the purchase or use of construction and building materials
25 directly used for a qualifying purpose by a qualifying covered entity for a
26 qualifying project in Idaho during the project term. To qualify for the ex-
27 emption in this section, an applicant must submit a project outline to the
28 Idaho department of commerce on or before December 31, 2026. Modifications
29 to an approved qualifying project outline must be submitted to the Idaho de-
30 partment of commerce on or before December 31, 2040.

31 (4) As used in this section:

32 (a) "Construction and building materials" means materials and supplies
33 permanently installed or placed in or on a qualifying project. The term
34 does not mean equipment, tools, and supplies used to construct or build
35 the project.

36 (b) "Covered contractor" means any contractor, including subcontractors,
37 that incurs costs and taxes from work done for a qualifying covered
38 entity for a qualifying project.

39 (c) "Covered entity" means a private entity, a consortium of private
40 entities, or a consortium of public and private entities with a demon-
41 strated ability to engage in a qualifying project.

1 (d) "Project term" means the time period beginning on July 1, 2022,
2 and ending upon the completion of the construction of the qualifying
3 project, but no later than December 31, 2040.

4 (e) "Qualifying covered entity" means a covered entity that submits a
5 qualifying project outline to the Idaho department of commerce that:

6 (i) Qualifies for a new, meaningful semiconductor incentive of-
7 ferred by the federal government for the purpose of implementing
8 the domestic fabrication, assembly, testing, advanced packag-
9 ing, or research and development of semiconductors to mitigate
10 domestic supply chain risks, increase economic competitiveness,
11 protect intellectual property, decrease national security risks,
12 and any other reasons deemed necessary by the federal government.
13 Meaningful incentives by the federal government include but are
14 not limited to funding the CHIPS for America act, 15 U.S.C. 4651
15 through 4658, or providing and funding other such semiconductor
16 investment tax credits; and

17 (ii) Qualifies for a meaningful incentive from the state of Idaho
18 for a qualifying project for a qualifying purpose. Examples of
19 meaningful incentives from the state of Idaho include but are
20 not limited to the Idaho reimbursement incentive act, sections
21 67-4737 through 67-4744, Idaho Code; the Idaho small employer
22 incentive act of 2005, chapter 44, title 63, Idaho Code; and the
23 Idaho new capital investments incentives act of 2008, chapter 45,
24 title 63, Idaho Code.

25 (f) "Qualifying project" means a new project for a qualified purpose by
26 a covered entity.

27 (g) "Qualifying project outline" means a document submitted by a quali-
28 fied covered entity to the Idaho department of commerce describing a new
29 semiconductor project in Idaho that meets the definitions of a qualify-
30 ing project in this section.

31 (h) "Qualifying purpose" means activities conducted in Idaho to con-
32 struct, expand, or modernize a facility for the fabrication, assembly,
33 testing, advanced packaging, or research and development of semicon-
34 ductors, including a facility used primarily for qualified research for
35 such purposes based on the criteria in section 41 of the Internal Rev-
36 enue Code, including:

37 (i) A facility built for purposes of discovering information used
38 for semiconductor fabrication, assembly, testing, or advanced
39 packaging;

40 (ii) A technological facility built for semiconductor fabrica-
41 tion, assembly, testing, or advanced packaging;

42 (iii) A facility that is intended to be useful in the development
43 of a new or improved business component of the qualifying covered
44 entity used in semiconductor fabrication, assembly, testing, or
45 advanced packaging; or

46 (iv) A facility where substantially all of the activities occur-
47 ring at or in it constitute elements of a process of experimen-
48 tation for semiconductor fabrication, assembly, testing, or ad-
49 vanced packaging for a purpose described in 26 U.S.C. 41(d)(3).

1 (5) The provisions of this section are contingent on the enactment and
2 funding of a federal law providing a new and meaningful federal semicon-
3 ductor incentive by December 31, 2026. If no such incentive is enacted and
4 funded on or before December 31, 2026, no project or covered entity may qual-
5 ify for an exemption under this section.

6 SECTION 2. An emergency existing therefor, which emergency is hereby
7 declared to exist, this act shall be in full force and effect on and after
8 July 1, 2022.