

STATE OF
IDAHO
U.S.A.

{ Incentives for a healthy bottom line }



Incentives for Business

www.commerce.idaho.gov



Financial Incentives & Tax Credits

The Idaho Business Advantage

Businesses that invest a minimum \$500,000 in new facilities and create at least 10 new jobs averaging \$40,000 annually, plus benefits may qualify for a variety of incentives.

Qualifying companies receive:

- an enhanced Investment Tax Credit of 3.75% up to \$750,000 OR 62.5% of tax liability in any one year
- a new jobs tax credit starting at \$1,500 and climbing to \$3,000 per job
Note: The Hire One Refundable Tax Credit can be used in lieu of the new jobs credit portion of the Business Advantage tax credit program.
- a 2.5% real property improvement tax credit up to \$125,000 in any one year along with a 25% rebate on sales tax paid on construction materials for the new facilities
- upon request of the company, the respective county commissioners may also authorize a full or partial property tax exemption

PROPERTY TAX INCENTIVES

Capital Investment Property Tax Incentives

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 need to invest a minimum of \$3 million.

Large Business Property Tax Cap

Businesses that invest a minimum of \$1 billion in capital improvements will receive a property tax exemption on all property in excess of \$400 million in value per year.

Large Employer Property Tax Cap

Businesses that employ at least 1,500 people within an Idaho county may receive a property tax exemption on property values in excess of \$800 million. To qualify, the business must make a yearly capital investment of at least \$25 million within that county.

100% Property Tax Exemption

Business inventory and registered motor vehicles, vessels and aircraft are exempt from property tax.

INCOME TAX INCENTIVES

Hire One Refundable Tax Credit

Businesses that hire new employees to fill newly created positions can receive a refundable income tax credit of up to 6% for the gross wages paid during the first 12 months of employment. The new employees must make at least \$12 an hour in counties where the unemployment rate is 10 percent or higher and \$15 an hour in counties with unemployment rates below 10 percent. The amount of refund is based on the employer's unemployment insurance tax rating.

3% Investment Tax Credit

Businesses that make qualifying new investments¹ may earn an income tax credit. This credit can offset up to 50 percent of a company's state income tax liability and may be carried forward up to 14 years.

¹Qualifying property is new or used depreciable property. Idaho adopted the definition of qualifying property found in Internal Revenue Code (IRC) Sections 46(c) and 48 in effect prior to 1986. The depreciable life must be three years or more. Property not used in Idaho and vehicles under 8,000 pounds gross weight do not qualify.



Qualified Investment Exemption

This exemption may be applied in lieu of the investment tax credit. A two-year exemption from property tax on qualified personal property is available only if a loss was incurred in the second preceding tax year in which the property is placed in service. The loss must have been computed without regard to any net operating loss carry over or carry back.

Net Operating Loss Deductions

Idaho offers a net operating loss income tax provision for losses up to \$100,000 per tax year. Losses may be carried back for two years, or, if not absorbed in those two years, the remainder may be carried forward for up to 20 years.

5% Research Income Tax Credit

Businesses conducting basic and qualified research may earn an income tax credit of 5% that may be carried forward up to 14 years.

3% Broadband Income Tax Credit

Businesses that purchase qualified broadband equipment and infrastructure for the benefit of end users in Idaho may earn a 3% income tax credit up to \$750,000. This credit is transferable and may be carried forward up to 14 years.

SALES TAX INCENTIVES

100% Sales Tax Exemption

Production Sales Tax Exemption

Businesses purchasing equipment and raw materials used directly in manufacturing, processing, mining, fabrication or logging operations; for clean rooms used in semiconductor and semiconductor equipment manufacturing; for any equipment or material used in research and development activities; and processing materials, substances or commodities for use as fuel for the production of energy may earn a sales tax exemption.

Pollution Control Equipment Sales Tax Exemption

Businesses purchasing required pollution control equipment are exempt from sales tax on those purchases. Required pollution control facilities are exempt from property tax.

Utility & Industrial Fuels Sales Tax Exemption

Businesses are exempt from paying sales tax on utilities and industrial fuels. Examples include power, water, natural gas and telephone.

100% Goods-In-Transit Tax Exemption

The state's free port law provides that goods in transit (goods purchased by a carrier in its business and delivered outside the state under a bill of lading for use by the carrier in its business) are exempt from taxation.

ADDITIONAL INCENTIVES

Idaho Prime Rate Loan Program

Commercial banks offer low-interest loans to qualifying small business with up to 85% Small Business Administration guaranty.

Up to \$20 Million in Industrial Revenue Bonding

Tax-free bonds to finance manufacturing, processing, production and assembly projects are issued by a public corporation with the project or business serving as collateral. Taxable industrial revenue bonds also are available up to and exceeding \$20 million

Idaho Film Incentives

Idaho has a variety of sales and tax incentives available for qualifying media productions, including cash rebates on in-state spending, sales tax rebates on tangible goods purchased in Idaho, and sales and lodging tax exemptions for production personnel who stay a minimum of 30 days in the state. To learn how you can qualify for Idaho's film incentives or to access searchable directories for crew, lodging, equipment and locations please visit <http://www.filmidaho.org/incentives.aspx>.

"The people here were just over the top. Absolutely everybody associated with the project--the builder, the city, the state--any entity that we had to deal with in order to facilitate the build and the move were more than willing to help us. Taxes were less and workman's comp costs and power are about 1/3 of what they were in California." -Jim Glen, Titan Spring, Inc.



Business Resources and

DEPARTMENT OF LABOR RESOURCES

Customized Recruiting Services

The Department of Labor offers employers one-on-one professional guidance in managing the recruitment process. Experienced Labor workforce consultants can visit your work site to identify needs and then effectively match employee prospects to the skills, training and experience required to fill your jobs.

The Department of Labor has 25 offices located across the state.

Customized Workforce Training

Idaho supports educational and training programs through the Department of Labor and its local offices to help provide skilled, productive workers for your company. Training can be tailored to your specific company needs



and Assistance

and designed to develop skill sets for your precise requirements. Financial reimbursement up to \$3,000 is available to eligible companies to cover the cost of training a new employee or retaining one facing permanent layoff.

Workforce Training Network

This network coordinates delivery of statewide training programs to meet the needs of Idaho's employers and citizens. The state provides these programs in a customized manner based on a business's needs.

Access Labor Market Information

Visit the Department of Labor's website or a local office for current information about workforce trends, economic conditions, demographics, wages, industry and occupational statistics and census data.

Existing businesses, economic development groups and companies considering startup, expansion or relocation can also call on labor economists throughout the state for information, analysis, referral services and technical assistance.

OTHER BUSINESS RESOURCES

Idaho Procurement Technical Assistance Center

The Idaho Procurement Technical Assistance Center matches the purchasing needs of federal and state agencies with the products and services of Idaho companies. In addition, it provides technical assistance with completing bid documents, offers seminars on evolving procurement practices and hosts the Idaho Business Opportunity Conference to put you face to face with purchasing professionals from government agencies and large corporations. Annually, Idaho businesses average over \$300 million in federal and state contracts by utilizing services of the Idaho Procurement Technical Assistance Center.

Export Assistance

Idaho Department of Commerce's International Trade Division offers export counseling, seminars and marketing resources to Idaho companies. Marketing opportunities via catalogs, trade shows and trade missions are provided at a nominal fee. Idaho trade representatives in Mexico, China and Taiwan, assist companies by finding business opportunities, distributors and projects. They are co-located and partner with the U.S. Commercial Service to provide worldwide resources and assistance.

TechHelp

TechHelp assists Idaho manufacturers in lean manufacturing, human performance, quality systems, product development and information technology to help them become more competitive.

Small Business Development Centers

Small Business Development Centers around the state deliver up-to-date counseling, training and technical assistance in all aspects of management to help small business owners and potential business owners make sound decisions.

TechConnect

TechConnect staff act as project managers to access the resources necessary for businesses to commercialize private, university and governmental technologies. State-sponsored programs and federal grants are earmarked to help Idaho communities and counties with infrastructure improvements that encourage business expansion and strengthen the local economy.

Gem State Prospector

Gem State Prospector gives companies considering relocation or expansion a database of business locations across Idaho. This resource allows companies to search by their property needs and provides in-depth results for each site including demographic information for the surrounding area, access to utilities and proximity to supply chains.
www.gemstateprospector.com



INFRASTRUCTURE IMPROVEMENTS

Up to \$500,000 in Community Block Grants

Local cities and counties may receive grants to finance public infrastructure improvements that support business development.

Up to \$500,000 in Rural Development Grants

Communities in rural Idaho may receive grants to facilitate business development, expansion or relocation.

Up to \$50,000 in Gem Grants

Rural communities may receive grants for projects that create assets with a high certainty of aiding job creation and job retention.

Economic Development Administration Grants

Communities may receive grants for industrial or commercial site development where commercial financing cannot be secured. Loans up to \$10,000 may be granted for each new job created.

Tax Increment Financing

Cities and counties may use Tax Increment Financing to fund new infrastructure needed to support business development.

Additional Bottom Line Benefits

- ✓ Energy environment to power your business
- ✓ Low overall business costs
- ✓ Low cost of living for a high quality of life
- ✓ Easy access to government partners
- ✓ Prime properties at reasonable prices
- ✓ Innovative mindset with creative workforce



Energy Environment To Power Your Business

Idaho businesses have always benefited from low energy costs to control operating expenses and to improve their bottom line. Fueled by efficient, clean hydro-electric power, commercial rates are among the lowest in the United States and are about half that of many western cities.

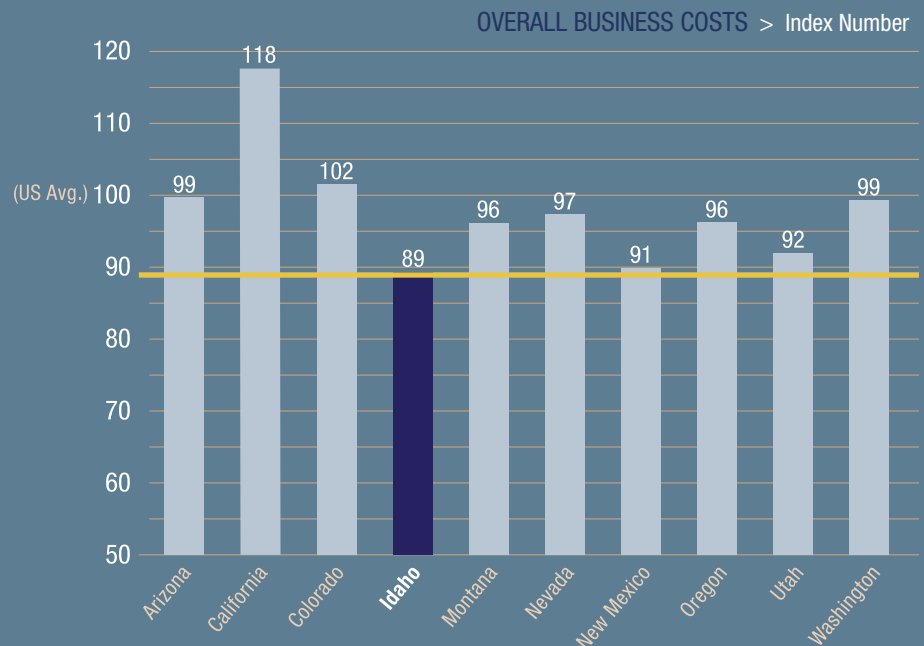
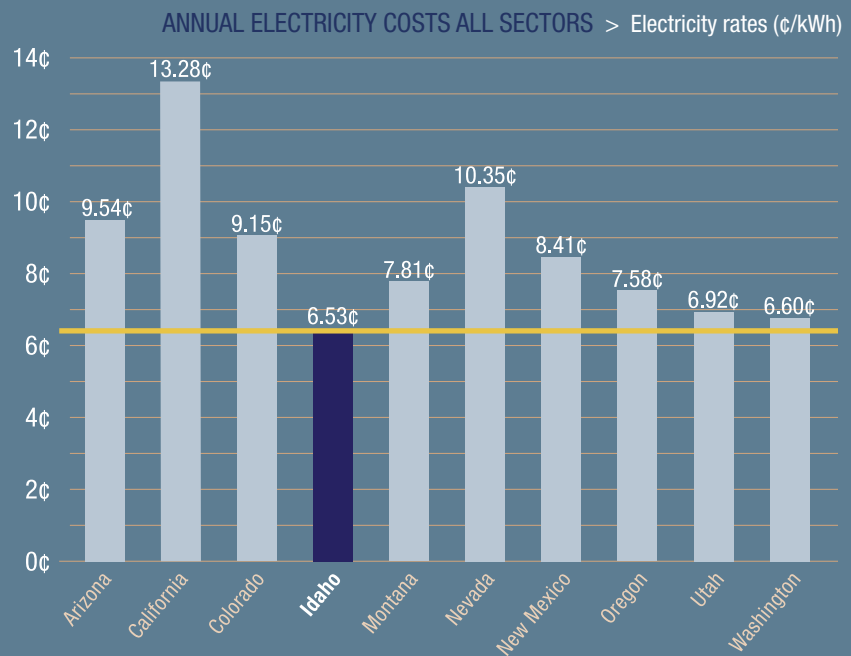
Now, Idaho's commercial and industrial customers have the potential to achieve significant, additional savings through efficient energy programs offered by the state's primary power providers. Companies earn incentives up to \$100,000 per site, per year for qualifying energy-saving improvements to commercial or industrial buildings. Hard to believe that you can further reduce energy costs that are already so low!

Low Overall Business Costs

Idaho's strategic location in the western United States makes it an excellent location to maximize product distribution. When you consider that Idaho also boasts the second lowest business costs in the west, it is an easy equation to solve.

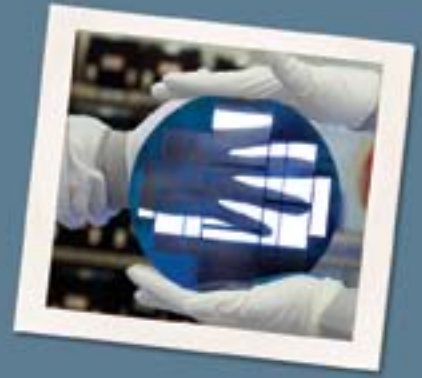
Great location + low business costs = an ideal site for increased profitability.

Source: Moody's Economy.com. July 2009



Easy Access To Government Partners

Idaho offers open door access to all levels of government. From the Department of Commerce with over 1000 collective years of experience doing business in Idaho to our personally committed Governor, we strive to make Idaho the best place in America to successfully start or expand a business. And that commitment flows to leaders in Idaho's 44 counties who welcome new citizens and companies to their region. We pledge our support to work with business, state agencies and local government to explore every avenue that will contribute to the success of a project.



COST OF LIVING INDEX

	Average Composite Index
Idaho	93.0
Arizona	103.7
California	132.6
Colorado	102.2
Montana	100.0
Nevada	101.4
New Mexico	98.9
Oregon	110.5
Utah	95.2
Washington	104.0

ACCRA First Quarter 2011

Low Cost Of Living For High Quality Of Life

Quality of life benefits such as low crime rate, short commutes and access to outdoors are hard to squeeze into a balance sheet. But when quality of life is combined with a very reasonable cost of living it can only enhance a company's bottom line. Idaho gives that one, two punch!

The ACCRA cost of living index measures relative price levels for consumer goods and services including groceries, housing, utilities and transportation. The average for all places equals 100 and each participant's index is read as a percentage of the average for all places. Each state's average composite index is an average of several metropolitan areas in that state.

AVERAGE ANNUAL RENT > Per Square Foot

	Office	Industrial
Idaho	\$15.50	\$5.09
Arizona	\$25.17	\$8.67
California	\$28.86	\$8.01
Colorado	\$17.37	\$9.05
Montana	\$16.59	\$7.18
Nevada	\$21.64	\$6.18
New Mexico	\$17.96	\$6.54
Oregon	\$26.38	\$7.40
Utah	\$20.22	\$4.60
Washington	\$20.23	\$4.90

NAI Global Property Report, 2011

Prime Properties At Reasonable Prices

Commercial real estate in Idaho has experienced high vacancy rates and decreasing lease cost. This means an availability of desirable and affordable properties for companies to choose from. Getting more from lease/purchase dollars allows reinvestment of savings into a company's portfolio.

A Smart Workforce Makes For Smart Business

"For the second year in a row, Idaho ranks first in patent activity measuring the number of patents issued to companies or individuals per 1,000 workers. Idaho's extremely high patent ratio is more than 3.5 times the national average. So, not only is Idaho a great place to live and recreate but it attracts great minds seeking to contribute their ideas in a peaceful, calm environment."

Source: Stoel Rives 2008 Patent Report.

"Employers know they'll find a high proportion of college graduates here – 37%, compared with the national average of 27%..."

Source: Kiplinger's Personal Finance, July 2008.



"It is critically important that we found a community with a terrific work ethic, in a state that's pro-business, with a government that understands that a partnership with business and government can result in some really good things. We spent a lot of time searching. We were in a number of states. There were many reasons for locating here. We were looking at the cost of living, which was favorable. We're looking at a great university, which we're going to have an opportunity to partner with. But at the end of the day, it's the people who will help support our business and help us grow."

-Jim Devries, Allstate



“Idaho is known for our low cost of living, reliable and inexpensive power, high-quality work force, stable tax base, progressive business climate and our state’s tremendous natural beauty and quality of life. I have spent decades promoting Idaho’s goods, services and people around the world.

As governor, I am personally committed to making Idaho the best place in America to successfully start or expand a business.”

A handwritten signature in black ink, which reads "C.L. Butch Otter". The signature is fluid and cursive, written in a professional style.

C.L. “Butch” Otter, Governor

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www.commerce.idaho.gov
700 W. State St.
P.O. Box 83720
Boise, Idaho 83720-0093
P: 800-842-5858
F: 208-334-2631

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