

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 435

BY CRONIN

AN ACT

1 RELATING TO REVENUE AND TAXATION; AMENDING CHAPTER 1, TITLE 63, IDAHO CODE,
2 BY THE ADDITION OF A NEW SECTION 63-120, IDAHO CODE, TO ESTABLISH THE
3 IDAHO CORPORATE TAX INCENTIVE ACCOUNTABILITY ACT, TO PROVIDE DEFINI-
4 TIONS, TO PROVIDE CERTAIN REPORTING REQUIREMENTS, TO PROVIDE FOR A
5 CIVIL PENALTY, TO PROVIDE FOR EXCLUSIONS AND TO PROVIDE FOR RULES.
6

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

8 SECTION 1. That Chapter 1, Title 63, Idaho Code, be, and the same is
9 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
10 ignated as Section 63-120, Idaho Code, and to read as follows:

11 63-120. IDAHO CORPORATE TAX INCENTIVE ACCOUNTABILITY ACT -- DEFINI-
12 TIONS -- REPORTING REQUIREMENTS. (1) It is the purpose of this section
13 to document and improve the effectiveness of economic development expen-
14 ditures, hereinafter referred to as "tax incentives," and to assist the
15 legislature in evaluating whether and to what extent each tax incentive is
16 creating jobs, generating tax revenue and enhancing Idaho's economy.

17 (2) Definitions. For the purposes of this section the following terms
18 shall have the following meanings:

19 (a) "Full-time job" means a job requiring thirty-five (35) or more
20 hours per week.

21 (b) "Jobs" shall include any and all employment by the taxpayer receiv-
22 ing the tax incentive, including contracted employment at facilities in
23 the state operated by the taxpayer.

24 (c) "Tax incentive" means any of the following granted by or provided
25 by the state of Idaho: any combined or single tax credit, deduction or
26 other incentive granted to a taxpayer, any industry-specific tax exemp-
27 tion, or any related expenditure of public moneys with an annual value
28 of no less than forty thousand dollars (\$40,000) for the primary purpose
29 of stimulating business economic development within the state.

30 (d) "Taxpayer" means any corporation, partnership, firm, association
31 or person acting as a business entity.

32 (3) Reporting requirements. The report provided for in this section
33 shall be called the "Idaho tax incentive accountability report." For each
34 tax incentive referenced in this section, the state tax commission shall
35 collect information required by this section from the appropriate taxpayer.
36 Such information shall be provided by the taxpayer to the commission on a
37 form or forms provided by the commission. The commission shall compile the
38 information to fulfill the reporting requirements provided for in this sec-
39 tion. The report shall be posted by the state tax commission on its website
40 on or before October 1 of each year and in a manner that is consistent with ap-
41 plicable disclosure laws. The report will include the following employment
42 and tax related information for the most recent taxable year the taxpayer

1 first benefited from a total of at least forty thousand dollars (\$40,000) in
2 Idaho tax incentive(s):

3 (a) The number of full-time jobs provided by the taxpayer in Idaho and
4 created or caused to be created by the tax incentive. This requirement
5 shall apply only for jobs that pay a wage or salary that is at or above
6 the average wage or salary of full-time jobs in Idaho as determined by
7 the state department of labor. Of the jobs listed, the report shall also
8 reflect the number of those jobs that provide employee fringe benefits
9 including, but not necessarily limited to, benefits relating to health
10 and/or medical benefits and benefits relating to employee retirement;

11 (b) The net number of new jobs created by the taxpayer in the report-
12 ing period at all facilities owned or operated by the taxpayer in Idaho
13 compared to the number of jobs in the previous reporting period. A nar-
14 rative may accompany this report detailing the tax incentives that were
15 most beneficial in creating these new jobs;

16 (c) The total value of each tax incentive granted to or claimed by the
17 taxpayer by the state of Idaho;

18 (d) Whether the taxpayer receiving the tax incentive(s) has ceased to
19 do business in Idaho; and if the taxpayer receiving tax incentive(s)
20 has ceased to do business in Idaho, the total amount of Idaho tax incen-
21 tive(s) that has been repaid and is required to be repaid to the state
22 under the terms of state recapture provisions or other contracts and
23 agreements with the state.

24 A taxpayer who is required to file a report pursuant to this section and who
25 fails to do so may be liable for a civil penalty not to exceed five hundred
26 dollars (\$500), which shall be remitted to the general fund. The tax commis-
27 sion is hereby authorized to impose and collect such civil penalty for a vio-
28 lation of this section.

29 (4) The following are excluded from the reporting requirements of this
30 section:

31 (a) The sales tax production exemptions provided for in sections
32 63-3622D and 63-3622JJ, Idaho Code; and

33 (b) Community block grants and other development grants or awards pro-
34 vided directly to a taxpayer as part of a competitive grant program.

35 (5) The state tax commission shall compile an annual report detailing
36 and summarizing, by tax incentive, the information collected pursuant to
37 this section. The commission shall submit its annual report to the house of
38 representatives revenue and taxation committee, the senate local government
39 and taxation committee and the joint finance-appropriations committee each
40 year. The commission's report will be available to the legislature and the
41 public by request. Included in the report will be a list of taxpayers that
42 have failed to file pursuant to this section.

43 (6) The state tax commission is hereby authorized to promulgate rules
44 to implement the provisions of this section. Such rules shall include, but
45 shall not necessarily be limited to, a list of specific reportable tax in-
46 centive(s) subject to reporting requirements pursuant to this section. Such
47 list shall be updated annually by the tax commission.