

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 435

BY CRONIN

AN ACT

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

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

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

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

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

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

(b) "Jobs" shall include any and all employment by the taxpayer receiving the tax incentive, including contracted employment at facilities in the state operated by the taxpayer.

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

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

(3) Reporting requirements. The report provided for in this section shall be called the "Idaho tax incentive accountability report." For each tax incentive referenced in this section, the state tax commission shall collect information required by this section from the appropriate taxpayer. Such information shall be provided by the taxpayer to the commission on a form or forms provided by the commission. The commission shall compile the information to fulfill the reporting requirements provided for in this section. The report shall be posted by the state tax commission on its website on or before October 1 of each year and in a manner that is consistent with applicable disclosure laws. The report will include the following employment 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.