

# CERTIFICATION FOR IDAHO'S SMALL EMPLOYER TAX INCENTIVES

Business name	Federal employer identification number
Business mailing address	Contact person and title
City, state and zip code	Telephone number of contact person

**QUALIFYING FOR THE INCENTIVES**

For tax years beginning in 2006, you may qualify to claim the Idaho small employer incentives if you have certified you will meet the following tax incentive criteria at the project site during the project period:

1. Capital investment in new plant and building facilities of at least \$500,000,
2. Increased employment by at least 10 new employees who each earn at least \$19.23 per hour worked and receive health benefits, and
3. For new employment increases above the 10 new employees, the average wages of the additional new employees is at least \$15.50 per hour worked. See the instructions for who is included in this calculation.

The following information is required to certify that the proposed project will meet the small employer tax incentive criteria during the project period. Failure to provide the requested information may result in the Tax Commission denying any tax incentives claimed under the Idaho Small Employer Incentive Act.

**1. Description of qualifying project**

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- 2. Estimated/actual start date of project.** The start date is the earlier of the date the first physical change to the project site is scheduled to occur or the date new employees related to the project site will be first employed in Idaho. The start date cannot be earlier than January 1, 2006.

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- 3. Estimated/actual end date of project.** This cannot be later than December 31, 2010.

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- 4. Location of the project site(s).** Identify the street address for each site. If more than one location, identify the percent of the investment projected at each site once the project is completed.

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**5. Estimated/actual number of new jobs created during the project period**

2006 _____	2007 _____	2008 _____
2009 _____	2010 _____	TOTAL _____

6. **Estimated/actual cost of capital investments in new plant and building facilities.** For each year in the project period, list the actual or projected cost of capital investments in new plant and building facilities.

a. **Qualified investment.** This is property that generally qualifies for the Idaho investment tax credit, including computers, equipment, furniture, etc.

2006 \_\_\_\_\_ 2007 \_\_\_\_\_ 2008 \_\_\_\_\_

2009 \_\_\_\_\_ 2010 \_\_\_\_\_ TOTAL \_\_\_\_\_

b. **Buildings and their structural components, including parking garages**

2006 \_\_\_\_\_ 2007 \_\_\_\_\_ 2008 \_\_\_\_\_

2009 \_\_\_\_\_ 2010 \_\_\_\_\_ TOTAL \_\_\_\_\_

7. **Total plant and building facilities cost by location**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**CERTIFICATION BY TAXPAYER**

Under penalties of perjury, I declare that to the best of my knowledge and belief this information is true, correct and complete.

Signature of officer	Date
Title	Phone number of officer

Mail to: TAX POLICY  
IDAHO STATE TAX COMMISSION  
PO BOX 36  
BOISE ID 83722

or

Fax to: TAX POLICY  
(208) 334-7844

# Instructions for Idaho Form 89SE

## GENERAL INSTRUCTIONS

For tax years beginning in 2006, the Idaho Small Employer Incentive Act of 2005 as amended in 2006 (Small Employer Incentive Act) provides tax benefits to taxpayers who certify that they have met, or will meet, the tax incentive criteria required by this Act. Form 89SE is used to make that certification.

You must file Form 89SE prior to claiming any incentives allowed by the Act. A copy of Form 89SE must be attached to your Idaho income tax return for each tax year in which you are claiming or carrying over the incentives.

You may qualify either under the Idaho Small Employer Incentive Act or the Corporate Headquarters Incentive Act, but not both. If you apply for, receive, or are entitled to claim any of the corporate headquarters tax incentives, you may not claim the small employer tax incentives. See Form 89CH for the Idaho Corporate Headquarters Incentive Act certification.

## TAX INCENTIVE CRITERIA

The Small Employer Incentive Act provides tax benefits to taxpayers who certify they have met, or will meet, the following tax incentive criteria at the project site during the project period:

- Invest at least \$500,000 in new plant and building facilities,
- Increase employment at the project site by at least 10 new employees, who each earn at least \$19.23 per hour, and
- If your new employment increased by more than the 10 new employees, these additional new employees must on average earn at least \$15.50 per hour worked during your tax year. For this calculation:
  - The numerator is the total wages paid to these new employees. Do not include the wages of employees earning more than \$48.08 or less than \$12.00 per hour.
  - The denominator is the number of employees whose wages go into the numerator, but also includes the number of employees earning less than \$12.00 per hour, even though the wages are not included in the numerator.

### Project Site

Project site is where new plant and building facilities owned or leased by the taxpayer are located. The project site can be one or more geographic areas in Idaho, but only if 80% or more of the investment required is located at one of the areas.

### Project Period

Project period is the period of time that begins at the earlier of:

- A physical change to the project site, or
- The first employment of new employees in Idaho who are related to the activities at the project site.

The project period cannot begin before January 1, 2006.

The project period ends when the facilities constituting the project are placed in service, but no later than December 31, 2010.

## New Plant and Building Facilities

New plant and building facilities include property that meets either the definition of qualified investment for purposes of the investment tax credit (ITC) or is a building or a structural component of a building.

The property must be new property. Used property does not qualify. New property is property acquired or constructed by the taxpayer whose original use begins with the taxpayer after such acquisition or construction. Original use means the first use to which the property is put, whether or not that corresponds to the use of the property by the taxpayer. Property used by the taxpayer prior to its acquisition does not qualify.

## New Employees

To qualify as a new employee for the tax incentive criteria, an employee must:

- Be employed primarily at the project site by the taxpayer,
- Have wages subject to Idaho income tax withholding,
- Be covered for Idaho unemployment insurance purposes,
- Be eligible to receive employer provided coverage under a health plan described in Idaho Code section 41-4703,
- Be employed on a regular full-time basis, and
- Meet the applicable wage requirements.

For this purpose, earnings include income subject to Idaho income tax withholding, but do not include stock options or restricted stock grants.

An existing employee of the taxpayer or a related taxpayer who is transferred to a new position at the project site will not qualify as a new employee, unless the transfer results in a net new job in Idaho.

Once reached, the net increase in employment at the project site must be maintained for the rest of the project period.

## TAX INCENTIVES

If you have met, or will meet the tax incentive criteria, you are eligible to claim the tax incentives listed in the table on page 2.

## RECAPTURE

If you certify you will meet the tax incentive criteria, and then fail to meet the tax incentive criteria, you will be required to recapture the full amount of any incentives claimed under the Act.

Recapture of all or a portion of the incentives may also be necessary if you:

- Dispose of an investment in new plant or building facilities or it ceases to qualify prior to it being held for five years from the date placed in service,
- Do not maintain the required level of employment for five years from the date the project period ends, or
- Do not use, store, or otherwise consume property that was allowed a sales tax exemption within the project site for a period of five full years from the date the property was placed in service.

<b>SMALL EMPLOYER INCENTIVE ACT — Idaho Code, Title 63, Chapter 44 as amended in 2006</b>			
<b>Incentive</b>	<b>Credit Rate</b>	<b>Limitations</b>	<b>Carryover</b>
Investment Tax Credit (SE-ITC) Form 83	3.75% on all property that is placed in service during the project period anywhere in Idaho. Credit is in lieu of earning the 3% ITC.	Cannot exceed 62.5% of tax. Cannot exceed \$750,000 in any tax year	14 years
Real Property Improvement Tax Credit (SE-RPITC) Form 84	2.5% on investments in new plant and buildings and structural components of buildings that do not qualify for the ITC and are placed in service during the project period at the project site	Cannot exceed \$125,000 in any tax year	14 years
New Jobs Tax Credit (SE-NJTC) Form 85	Varying credit rate from \$1,500 to \$3,000 per qualifying new employee. Employee must earn a minimum of \$24.04 per hour to qualify, be employed primarily within the project site on a full-time basis, and work a minimum of nine months during the tax year. (See other requirements under New Employees.)	Cannot exceed 62.5% of tax	10 years
Sales Tax Rebate	25% rebate of all sales and use taxes that the taxpayer or its contractors actually paid in regard to new plant and building facilities property constructed, located or installed within the project site during the project period		
Growth Incentive Exemption	County Board of Equalization of county in which property that qualifies for the ITC or RPITC is located can exempt all or part of the value of the property from property tax.		

## SPECIFIC INSTRUCTIONS

Instructions are for lines not fully explained on the form.

### HEADING

Write your business name, address, federal employer identification number, contact person and title, and the contact person's telephone number in the space at the top of the form.

**Line 1.** Provide a detailed description of the project that qualifies for the incentives. Attach additional sheets as necessary.

**Line 2.** Enter the date the project started or will start. The start date cannot be earlier than January 1, 2006. The start date is the earlier of the date the first physical change to the project site is scheduled to occur or the date new employees related to the project site will be first employed in Idaho.

**Line 3.** Enter the date the project ended or is scheduled to end. This date cannot be later than December 31, 2010.

**Line 4.** For each project site, provide the street address. Include the percent of the new plant and building facilities invested in the project that will be located at each separate location. The total of these percents must equal 100%.

**Line 5.** For each year in the project period, enter the actual or estimated number of new jobs that have been, or will be, created within the project site. If a year listed on the form does not fall within the project period, leave it blank.

**Line 6.** For each year in the project period, enter the actual or estimated costs of capital investment in new plant and building facilities located within the project site. If a year listed on the form does not fall within the project period, leave it blank.

List the cost of property that qualifies for the ITC in 6a. List the cost of buildings and their structural components that do not qualify for the ITC in 6b.

**Line 7.** For each location in your project site, identify the total actual or projected cost of new plant and building facilities. The total of these amounts should match the sum of the totals for lines 6a and 6b.