

Form 89SE
Certification for Idaho's Small Employer Tax Incentives

Business name			Federal Employer Identification Number (EIN)
Current business mailing address			Contact person and title
City	State	ZIP Code	Phone number of contact person

Qualifying for the Incentives

To claim the Idaho small employer incentives, you must certify that you've met or will meet all of the following tax incentive criteria at the project site during the project period:

- Capital investment in new plant and building facilities of at least \$500,000
- Increased employment by at least 10 new employees who each earn at least \$19.23 per hour worked and receive health benefits
- 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 instructions for who's 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. If you don't provide the requested information, the Tax Commission may disallow any tax incentives claimed under the Idaho Small Employer Incentive Act.

1. Description of qualifying project.

- 2. Estimated/actual start date of project.** The start date is the earlier of the date the first physical change to the project site occurs or the date new employees related to the project site are first employed in Idaho. The start date can't be earlier than January 1, 2006.

- 3. Estimated/actual end date of project.** The project period can't be longer than 10 years or end later than December 31, 2020.

- 4. Location of the project sites.** 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.

- 5. Estimated/actual number of new jobs created during the project period.** For each year in the project period, enter the tax year followed by the number of new jobs created during that year.

Yr _____ # of jobs _____	Yr _____ # of jobs _____
Yr _____ # of jobs _____	Yr _____ # of jobs _____
Yr _____ # of jobs _____	Yr _____ # of jobs _____
Yr _____ # of jobs _____	Yr _____ # of jobs _____
Yr _____ # of jobs _____	Yr _____ # of jobs _____
Total # of jobs _____	

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. Enter the tax year followed by the cost of qualified investments placed in service during that year.

Yr _____	Amount _____	Yr _____	Amount _____
Yr _____	Amount _____	Yr _____	Amount _____
Yr _____	Amount _____	Yr _____	Amount _____
Yr _____	Amount _____	Yr _____	Amount _____
Yr _____	Amount _____	Yr _____	Amount _____
Total Amount _____			

b. **Buildings and their structural components, including parking garages.** Enter the tax year followed by the cost of buildings and structural components placed in service during that year.

Yr _____	Amount _____	Yr _____	Amount _____
Yr _____	Amount _____	Yr _____	Amount _____
Yr _____	Amount _____	Yr _____	Amount _____
Yr _____	Amount _____	Yr _____	Amount _____
Yr _____	Amount _____	Yr _____	Amount _____
Total Amount _____			

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

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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

General Instructions

File Form 89SE before claiming any incentives allowed by the Idaho Small Employer Incentive Act. Include a copy of Form 89SE with your Idaho income tax return for each tax year that you're claiming or carrying over the incentives.

Tax Incentive Criteria

To qualify, you must certify that you've met or will meet all of 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 worked
- 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. Don't include the wages of employees earning more than \$48.08 per hour.

Project Site

This is the location of new plant and building facilities owned or leased by the taxpayer. 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

This 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 can't begin before January 1, 2006.

The project period ends when all of the project's facilities are placed in service but no longer than 10 years or later than December 31, 2020.

New Plant and Building Facilities

This includes 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 doesn't qualify. New property is property acquired or constructed by the taxpayer whose original use begins with the taxpayer after acquisition or construction. Original use means the first use of the

property, whether or not that corresponds to the use of the property by the taxpayer. Property used by the taxpayer before its acquisition doesn't 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
- Meet the applicable wage requirements

For this purpose, earnings include income subject to Idaho income tax withholding but don't include stock options or restricted stock grants.

An existing employee of the taxpayer or a related taxpayer who's transferred to a new position at the project site won't qualify as a new employee unless the transfer results in a net new job in Idaho.

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

Tax Incentives

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

Recapture

If you certify you'll meet the tax incentive criteria and then don't meet that criteria, you'll be required to recapture the full amount of any incentives claimed.

You may need to recapture all or a portion of the incentives if you:

- Dispose of an investment in new plant or building facilities or it no longer qualifies before being held for five years from the date placed in service
- Don't maintain the required level of employment for five years from the date the project period ends or
- Don't 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.

Small Employer Incentive Act – Idaho Code, Title 63, Chapter 44 and Chapter 6, Section 606A

Incentive	Credit Rate	Limitations	Carryover
Investment Tax Credit (SE-ITC) Form 83	3.75% on qualified investment that's placed in service during the project period anywhere in Idaho. Credit is instead of earning the 3% ITC.	Can't exceed 62.5% of tax Can't 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 don't qualify for the ITC and are placed in service during the project period at the project site.	Can't 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.)	Can't exceed 62.5% of tax	10 years
Sales Tax Rebate Form TCR	25% rebate of all sales and use taxes that the taxpayer or its contractors actually paid on 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 where 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. Write your business name, address, federal Employer Identification Number, contact person and title and the contact person's phone number in the space at the top of the form.

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

Line 2. Enter the date the project started or will start. The start date can't 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 can't be longer than 10 years or later than December 31, 2020.

Line 4. For each project site, provide the street address. Include the percent of the 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 doesn't 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 doesn't 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 don't 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.

Contact us:

In the Boise area: (208) 334-7660 | Toll free: (800) 972-7660

Hearing impaired (TDD) (800) 377-3529

tax.idaho.gov/contact