

2024

IDAHO TAX REIMBURSEMENT INCENTIVE ANNUAL REPORT





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FROM THE DIRECTOR

Idaho consistently tops the list for businesses across the country making expansion and location decisions.

Idaho is a business-friendly state with low taxes, limited regulation and efficient infrastructure. Our workforce is one of the best in the nation with grit and a strong work ethic. Additionally, our performance incentives are smart and fiscally responsible.

Idaho's size and quality of life easily pushes its ranking near the top for consideration. Companies in our state receive excellent customer service and access to officials and leaders who support their business and growth. Furthermore, the employees and families calling Idaho home appreciate and enjoy Idaho's unmatched quality of life and seemingly endless places to recreate.

For a decade, the Idaho Tax Reimbursement Incentive (TRI) has been a powerful tool in driving business investment, growth and job creation in Idaho. Since its creation on July 1, 2014, the TRI, combined with Idaho's existing attractive and unique qualities, assists the state in being competitive nationally and internationally for expansion and relocation projects.

Idaho's TRI program is a post-performance award. This means awards are earned after jobs are created and maintained, wages have been verified and all project commitments have been met, ensuring Idaho residents and communities benefit.

As the TRI program enters its 11th year, it continues to generate higher wages for Idahoans across the state. From FY2015 through FY2024, the Idaho Economic Advisory Council (EAC) has approved 96 TRI projects. The investments are estimated to create over 18,000 jobs and generate over \$1.3 billion in direct state tax revenue. With an average project wage of over \$54,882, these new jobs are above the statewide average annual wage. Of the 96 approved projects, 47 have been for existing Idaho businesses, while 49 have been approved for businesses new to Idaho. Moreover, 51 TRIs were approved in rural communities and 45 in urban communities.

During FY2024, seven TRI projects were approved by EAC. Two projects were awarded in rural areas and five in urban areas. Furthermore, four of these awards were approved for existing Idaho companies and three were for businesses new to Idaho. These seven prospective

investments will create over 1,700 jobs across the state with an estimated annual payroll of over \$131 million in new wages for Idaho. The average projected wage is over \$87,813 per year, which is above the statewide average annual wage. The total capital investment is estimated to be over \$300 million for all seven projects. During FY2024, six companies with TRI awards announced their expansion or relocation projects. These companies are Darigold, Diversified Fluid Systems, Dot Foods, Exyte, POWER Engineers and The Stow Company.

Every company's TRI application follows a well-developed process and is vetted thoroughly and consistently within Idaho Commerce. If an application has been completed and has merit, a Commerce team evaluates and recommends a TRI application to the Director. The Director evaluates each internal recommendation and determines the final recommendation for EAC.

Not every application is recommended to EAC, and not every application presented to EAC is approved. The evaluation process considers factors such as new jobs and wages, investment, economic impact, workforce availability, company viability and contributions to the local and regional economy. Idaho Commerce and EAC adhere to and rely upon Idaho State Statute and Rules for guidance over the TRI program. Idaho Commerce's fiscal, grants and compliance teams are essential to effectively and responsibly utilizing this incentive.

In this annual report, there is a comprehensive description of the TRI program for the life of the program. Per statute, the results of the FY2024 program audit are included. The audit was conducted by an outside, independent auditor who reviewed the TRI program for compliance and accountability. The results of this year's audit were satisfactory and without exceptions or findings.

Idaho Commerce looks forward to continuing to utilize this important economic incentive responsibly to improve Idaho's economy for our businesses, communities and citizens across the state.



TOM KEALEY
Director, Idaho Commerce


WHAT IS THE IDAHO TAX REIMBURSEMENT INCENTIVE?


The Idaho Tax Reimbursement Incentive (TRI) is a post-performance tool that enables qualifying companies to receive a refundable tax credit of up to 30% of a company's state income, payroll and sales taxes for up to 15 years.


The incentive is available to any company, in any industry. Most importantly, it is available to both existing Idaho businesses looking to expand and businesses new to Idaho.


TO QUALIFY


A company must complete an in-depth application and meet the following requirements for TRI:

- 

New jobs must be **full-time** (30 hours or more) and pay an average wage **equal to or greater than the average county wage**.
- 

Demonstrate a **meaningful community match**.
- 

Prove that the incentive is a critical factor in the company's decision to **expand in Idaho**.
- 

Provide **significant economic impact** for the community and Idaho.
- 

Create **20 new jobs in rural communities** (population of 25,000 or less) or **50 in urban areas**.

SCORING AND EVALUATION

Idaho Commerce is responsible for the evaluation of TRI applications and has carefully designed controls to ensure the process is fair and applied consistently across all projects. Once a project is determined to meet the minimum qualifications of the TRI program, an economic impact analysis and scoring process begins. Scoring is based on a fixed mathematical formula to ensure each project is treated equitably. The initial project evaluation focuses on the following five criteria:

- 

Quality of Jobs
- 

Quantity of Jobs
- 

Impact on Local Economy
- 

Impact on State Economy
- 

Impact on Industry

The project's initial score is then presented to an internal multi-disciplinary panel consisting of Idaho Commerce personnel who are not involved in the project. The panel reviews discretionary attributes unique to each project, which lends alternate perspectives that may positively or negatively impact the project score.

Scenarios that may result in positive discretionary points include a new company expanding in a community following the loss of a major employer, a strategic addition in a key industry sector or a significant capital investment that would create new infrastructure that could benefit other employers in the community.

Examples resulting in negative discretionary points include detriments to regional economies and industries or potential environmental concerns.

The overall project score is used to guide the term and percentage that the Director of Idaho Commerce recommends to the Idaho Economic Advisory Council (EAC). EAC may approve or reject the Director's recommendation, or may request more information to make an informed decision. The council consists of eight politically and regionally balanced, Governor-appointed individuals from around the state who have diverse backgrounds in business and local government.

Each year, Idaho statute requires an independent audit of the TRI review and approval process, including the corresponding internal controls.

Additionally, Idaho Commerce is required to issue an annual report to the Governor and Idaho State Legislature on the overall activity of the program to reinforce public visibility and transparency of the TRI program.

COMPANY REPORTING

Once approved for a TRI award, companies are required to report to Idaho Commerce annually and demonstrate they have fulfilled their job creation and wage commitments. If at any point those commitments are not honored, the company will not receive a tax credit in that particular year.

Note: In the following pages, both company and project names are listed. Until a company is ready to announce its project, Commerce uses project names to protect company confidentiality.

PHOTO COURTESY: EXYTE



IDAHO COMMERCE DIRECTOR TOM KEALEY PROVIDES REMARKS AT THE EXYTE RIBBON CUTTING CEREMONY.



FY2024 TRI AWARDS*

Approved Projects: **7**

Average Offer Percentage: **23%**

Average Offer Term: **11 Years**

Approved Project Jobs: **1,720**

Project Average Annual Wage: **\$87,813**

Estimated Full-Term Direct State Tax Revenue: **\$140,661,234**

Total Estimated Incentive Value to Business: **\$38,119,879**

Gross Return on Reimbursement (ROI): **\$6 : \$1****

Total Capital Investment: **\$307,900,000**

**OVER TRI TERM*

*** ROI IS CALCULATED USING TOTAL ESTIMATED TAX RETURNS TO THE STATE, COMBINING DIRECT, INDIRECT AND INDUCED ESTIMATED TAX IMPACTS.*

EXISTING/NEW STATUS

EXISTING COMPANY PROJECTS

4

NEW COMPANY PROJECTS

3

RURAL/URBAN STATUS

RURAL PROJECTS

2

URBAN PROJECTS

5

INDUSTRIES REPRESENTED



Retail: **1**



Corporate Office: **2**



Food Production: **2**



Software & Technology: **1**



Warehouse & Distribution: **1**

FY2024 ANNOUNCED TRI AWARDS*

DFS

An Exyte Group Company

exyte

the **stow** company



POWER ENGINEERS

SINCE 1918

DARIGOLD®



IDAHO MILK PRODUCTS™

**INCLUDES TRI PROJECTS THAT MAY HAVE BEEN APPROVED IN PREVIOUS FISCAL YEARS.*

FY2024 TOTAL ESTIMATED IMPACT TO THE STATE*

In FY2024, the Idaho Economic Advisory Council approved seven TRI projects. When completed, these projects' investments are projected to create 1,720 jobs across the state. The estimated direct state tax revenue from these projects, upon completion, will be over \$140 million.



COMPANY	LOCATION	EST. JOB CREATION	EST. AVERAGE WAGES	EST. CAPITAL INVESTMENT	EST. TOTAL PROJECT WAGES	EST. DIRECT STATE TAX REVENUE
Project Sofa	Bonneville County	135	\$59,743	\$28,000,000	\$8,065,305	\$8,900,000
POWER Engineers	Meridian	1,025	\$64,057	\$29,300,000	\$65,658,425	\$35,900,000
Darigold	Treasure Valley	187	\$123,898	\$1,500,000	\$23,168,926	\$18,000,000
Diversified Fluid Systems	Nampa	74	\$74,494	\$34,000,000	\$5,512,556	\$16,196,184
Exyte	Boise	102	\$125,843	\$100,000	\$12,835,986	\$17,000,000
Dot Foods	Burley	84	\$81,220	\$25,000,000	\$6,822,480	\$3,900,000
Idaho Milk Products	Jerome	113	\$85,435	\$190,000,000	\$9,654,155	\$40,765,050
TOTAL/AVERAGE		1,720	\$87,813	\$307,900,000	\$131,717,833	\$140,661,234

*OVER TRI TERM

FY2024 ESTIMATED TAX CREDIT COMMITMENTS*

The average FY2024 TRI award was 23% over 11 years. At full term, the aggregated value of the TRI incentive for FY2024 awards are estimated to total \$38,119,879.



COMPANY	LOCATION	PERCENT AWARDED	TRI TERM (YEARS)	EST. INCENTIVE VALUE TO BUSINESS
Project Sofa	Bonneville County	15	8	\$1,160,000
POWER Engineers	Meridian	28	14	\$10,000,000
Darigold	Treasure Valley	28	14	\$5,000,000
Diversified Fluids Systems	Nampa	25	12	\$4,000,000
Exyte	Boise	26	13	\$4,500,000
Dot Foods	Burley	20	9	\$786,823
Idaho Milk Products	Jerome	21	9	\$12,673,056
TOTAL/AVERAGE		23	11	\$38,119,879

*OVER TRI TERM



PHOTO COURTESY: AZEK

TRI SUMMARY TO DATE*



TRI PROGRAM PROJECTED SUMMARY FY2015-FY2024

Approved Projects: **96**
 Average Offer Percentage: **22%**
 Average Offer Term: **10 Years**
 Approved Project Jobs: **18,092**
 Project Average Annual Wage: **\$54,882**
 Estimated Full-Term Direct State Tax Revenue:
\$1,327,486,098
 Total Estimated Incentive Value to Business:
\$367,073,817
 Gross Return on Reimbursement (ROI): **\$7.25: \$1****
 Total Capital Investment: **\$19.7 billion**

RURAL/URBAN STATUS

RURAL
PROJECTS

51

URBAN
PROJECTS

45

EXISTING/NEW STATUS

EXISTING COMPANY
PROJECTS

47

NEW COMPANY
PROJECTS

49

INDUSTRIES REPRESENTED



Advanced
Manufacturing: **33**



Aerospace: **5**



Food Production: **23**



Corporate Office &
Shared Services: **11**



Software and
Technology: **8**



Travel &
Tourism: **2**



Education
Services: **1**



Warehouse &
Distribution: **7**



Transportation: **1**



Chemical
Processing: **2**



Forging &
Stamping: **1**



Mining: **1**



Retail: **1**

REGIONS

REGION 1	16
REGION 2	3
REGION 3	44
REGION 4	18
REGION 5	6
REGION 6	1
REGION 7	8
TOTAL	96

*OVER TRI TERM

** ROI IS CALCULATED USING TOTAL ESTIMATED TAX RETURNS TO THE STATE,
COMBINING DIRECT, INDIRECT AND INDUCED ESTIMATED TAX IMPACTS.

TOTAL: 96



ECONOMIC ADVISORY COUNCIL

The Economic Advisory Council's (EAC) mission is to advise the Governor and Idaho Commerce on goals and objectives that further economic development within Idaho. The council consists of eight members, appointed by the Governor, with one member appointed from each of the state's seven economic development regions and one member appointed at-large.

Members serve three-year terms and can be reappointed. The council provides Tax Reimbursement Incentive (TRI) recommendations to the Idaho Commerce Director and the Governor on applications for Community Development Block Grants (CDBG) and the Rural Community Investment Fund (RCIF). In addition, council members advise their regions on economic development opportunities and represent their regional interests to state government.

MEMBERS*

JEREMY GRIMM - (VICE CHAIR) REGION I, OWNER, WHISKEY ROCK PLANNING

PAUL KIMMEL (CHAIR) - REGION II, REGIONAL BUSINESS MANAGER, AVISTA CORPORATION

BRIAN WONDERLICH - REGION III, GENERAL COUNSEL, BLUE CROSS OF IDAHO

RANDY BAUSHER - REGION IV, OWNER, B&H FARMS

FRED TITENSOR - REGION V, PRESIDENT, VALLEY IMPLEMENT COMPANY

JOHN RADFORD - REGION VI, CITY COUNCIL, IDAHO FALLS

TOM BECKWITH - REGION VII, FRANK CHURCH INSTITUTE

EVE KNUDTSEN - AT LARGE, PRESIDENT, KNUDTSEN CHEVROLET

**MEMBERSHIP AS OF 12/13/2024*

TRI SUCCESS STORIES

EXYTE ANNOUNCES NEW ENGINEERING OFFICE IN THE TREASURE VALLEY

This fiscal year, Exyte, a global leader in the design, engineering and delivery of ultra-clean and sustainable facilities for high-tech industries like semiconductors, data centers, biotech and pharmaceuticals, announced it will open a new engineering office in Boise.

Exyte has established new roots with a corporate office in Boise. This office will serve as an engineering

and design hub, focused on semiconductor projects across the U.S.

Exyte already employs around 280 people in Boise and expects to increase jobs in the Treasure Valley area by over 550 as a result of these projects.

According to Jared Guidry, U.S. Director of Finance at Exyte, Idaho's strong support of the semiconductor industry was a key reason for their decision to open in Idaho.

"Idaho is a leading state in the development of semiconductor manufacturing, and Exyte was attracted to the pro-business environment and technological innovation taking place in the state," Guidry said. **"The decision to locate our Exyte regional office to Boise was an attractive choice because Exyte has many long-standing customers and suppliers located in the Treasure Valley. Our 2021 acquisition, Diversified Fluid Solutions, was already headquartered in Boise and the Idaho Tax Reimbursement Incentive further supported the decision."**

Exyte was approved for a TRI award this fiscal year.

"Our business has grown substantially since our entrance into the state," Guidry said. **"We have**



PHOTO COURTESY: EXYTE

developed strong relationships with businesses within the community and the excellent universities in the state to attract partners to work with Exyte and to bring top talent to our organization. The entire process of working with Idaho Commerce was a collaborative and mutually beneficial undertaking. Idaho Commerce worked with us every step of the way in developing an incentive package that made our entrance into the state a smooth and supported move.”

PHOTO COURTESY: DOT FOODS



DOT FOODS RECENTLY ANNOUNCED ITS NEW EXPANSION.

DOT FOODS ANNOUNCES \$22 MILLION EXPANSION IN BURLEY

In March 2024 Dot Foods, Inc., the largest food industry redistributor in North America, announced its plans to make a \$22 million investment at its Burley distribution center, which originally opened in 2008 and employs more than 375 people.

The expansion includes the construction of an additional 66,800 square-feet of warehouse space to support the company’s growth. The expansion will provide additional dry, frozen and refrigerated warehouse storage space and the creation of 80 new jobs over five years. Construction is expected to conclude in 2025 and will assist the company in moving an additional 80 million pounds of product through the Burley facility each year.

According to Dan Caldwell, General Manager of the Dot Foods Idaho facility, the community and Burley’s exceptional talent pool were among the top reasons the company decided to expand in Idaho.

“Doing business in Idaho has had a major impact on our success as a company,” Caldwell said. “Our Burley location perfectly complements our other

PHOTO COURTESY: THE STOW COMPANY



THE STOW COMPANY CHOSE IDAHO AS THE LOCATION FOR ITS EXPANSION.

West Coast distribution centers. We have found and recruited great leaders from Idaho. We knew we liked what we saw in the area when we did our initial planning for this location, and it is been incredible to experience how talented and hardworking the people are in south central Idaho.”

Dot Foods was approved for a TRI award by EAC in January 2024.

THE STOW COMPANY CHOOSES NAMPA FOR ITS NEW FACILITY

The Stow Company specializes in providing intelligent storage solutions such as closet organizers, garage storage systems, pantry organizers, wall beds, laundry cabinets and much more. The company announced plans to expand to the West, building a 550,000 square-foot state-of-the-art manufacturing facility in Nampa, Idaho.

The new facility will allow the company to serve its customers better and is expected to create about 236 new jobs with a capital expenditure of over \$140 million. Brian Schroeder, Plant Director in Nampa, said Idaho’s pro-business record and labor availability helped the company decide on Nampa.

“The ability to service our customers better and the additional manufacturing capacity that was needed are some of the bigger impacts for us with our Idaho operations,” Schroeder said. “The Tax Reimbursement Incentive (TRI) was one of the important incentive programs that were offered that aided in our decision to locate here in Idaho. Combined with the other incentives, it provided an enticing package for us.”

The Stow Company was approved for a TRI award by EAC in March 2021.

ACTUAL TRI IMPACT TO DATE



Actual TRI Credits Requested in CY2024: **\$4,531,497**
 Actual TRI Credits Issued in CY2024: **\$4,628,604**
 Actual Credits Issued to Date: **\$16,503,909**
 Companies Issued Credits to Date: **35**

Total Companies Requesting Incentive: **19**
 Jobs Forecasted to Date: **8,894**
 Actual Jobs Created to Date: **6,417**
 Actual Average Wage: **\$58,279**

TRI PROJECTS JOB CREATION TO DATE



The following 50 companies, of the 96 approved projects, have created jobs prior to December 9, 2024 since the program's inception.

COMPANY	LOCATION	TRI %	TRI TERM (YRS)	PROJECTED JOBS	JOBS CREATED
Albertsons	Boise	30	15	300	348
AMFEC	Nampa	21	9	89	139
Amy's Kitchen Inc	Pocatello	26	15	1,000	968
Artisan Labs	Twin Falls County	20	10	170	26
Aspen Skiing*	Ketchum	16	3	57	33
ATC Manufacturing*	Post Falls	20	8	225	59
Autovol	Nampa	24	12	349	206
AZEK	Boise	21	10	146	81
Biomedical Innovations	Sandpoint	18	9	33	16
Capitol Distributing	Caldwell	24	12	265	168
Clearwater Analytics	Ada County	30	15	500	41
Critical Power Products & Services	Post Falls	14	7	23	23
CXT Inc.	Emmett	21	9	85	76
Dow Chemical Company	Burley	24	9	21	32
Fabri-Kal	Burley	22	9	150	94
Gayle Manufacturing Company*	Caldwell	20	6	105	53
Glanbia Foods	Gooding	23	10	43	52
GoGo SqueeZ	Nampa	30	15	150	106
Guidant Financial	Boise Valley	20	10	102	35
Hearthside Food Solutions	Boise	25	10	80	181
Heartland RV	Nampa	20	10	275	255
Helix Poly/Novolex	Jerome	21	15	45	43
ICOM	Meridian	21	10	90	80

TRI PROJECTS JOB CREATION TO DATE (CONTINUED)

COMPANY	LOCATION	TRI %	TRI TERM (YRS)	PROJECTED JOBS	JOBS CREATED
Idaho Milk Products	Jerome	22	9	27	153
Intrinsic Organics	Weiser	18	6	52	31
Jayco	Twin Falls	24	12	360	270
JST Manufacturing	Meridian	16	8	50	85
Kochava*	Sandpoint	28	10	208	82
Lactalis	Nampa	17	8	75	117
Lamb Weston	Power County	30	15	180	278
Lightcast	Moscow	30	15	527	111
McCain Foods	Burley	30	15	186	193
MetalQuest	Kootenai County	17	9	25	17
NewCold	Burley	25	12	68	89
Orgill Inc.	Post Falls	26	10	138	172
Paylocity	Boise	28	15	551	406
PetIQ	Eagle	28	14	171	120
Production Technologies Inc	Preston	13	7	93	47
Seeler Industries	Kuna	16	8	35	122
Skywest Airlines	Boise	25	12	100	50
True West Beef	Jerome County	28	14	520	47
The Revelry Group	Ketchum	18	9	29	386
Unitech Composites*	Hayden	20	8	134	102
Verified First	Meridian	17	8	72	28
Vista Outdoor	Lewiston	28	14	137	137
Wilbur-Ellis	Buhl	20	10	97	89
Wild Rye	Blaine	16	8	28	88
Wildwood Grilling*	Sandpoint	14	7	21	40
Woodgrain Millwork	Fruitland/Emmett	22	10	91	292
ZoRoCo Packaging	Greenleaf	18	8	50	64

*TRI Term Completed

Note: For the remaining 46 projects, as of December 9, 2024, 25 projects are active and reporting but have not created jobs yet, and 21 projects are closed and received no TRI benefits.

Financial Statements

Idaho Reimbursement Incentive Act
Agreed-Upon Procedures
For the Year Ended June 30, 2024



**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Director
Idaho Department of Commerce
Boise, Idaho

We have performed the procedures enumerated below on the Idaho Department of Commerce's internal controls related to the application and approval process associated with the Idaho Reimbursement Incentive Act, per Idaho Code sections 67-4737 through 67-4744, and the tax credits granted for the year ended June 30, 2024. The Idaho Department of Commerce's management is responsible for the effectiveness of the internal controls and granting of the tax credits.

The Idaho Department of Commerce has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of examining the effectiveness of the internal controls related to the Idaho Reimbursement Incentive Act, per Idaho Code sections 67-4737 through 67-4744, and the tax credits granted for the year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings can be found within the Process Narrative.

We were engaged by the Idaho Department of Commerce to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the application and approval process associated with the Idaho Reimbursement Incentive Act, per Idaho Code sections 67-4737 through 67-4744, and the tax credits granted for the year ended June 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Idaho Department of Commerce and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

Meridian, Idaho
December 2, 2024



IDAHO REIMBURSEMENT INCENTIVE ACT

EXECUTIVE SUMMARY

For the Year Ended June 30, 2024

Background

During the 2014 legislative session, the Legislature of the State of Idaho adopted House Bill 546. The bill created Idaho Code Chapter 47, Title 67 sections 4737 through 4744 and shall be known and may be cited as the “Idaho Reimbursement Incentive Act.” For the purpose of this report, the Idaho Reimbursement Incentive Act will be referred to as the Tax Reimbursement Incentive (TRI). The TRI was created by the Legislature to be a performance-based tax reimbursement mechanism available to existing Idaho businesses and new businesses creating high-paying jobs in Idaho. The program will remain in effect until terminated or suspended by the Governor.

The Idaho Department of Commerce (the “Department”) has been tasked with administrating the TRI and is required to report to the Legislature on an annual basis. As part of the reporting requirement, the Department is required to have a third-party evaluation of the tax credits granted and the effectiveness of the Department’s internal controls.

Scope

As specified in Idaho Code 67-4737 through 67-4744, the scope of this agreed-upon procedures engagement includes:

1. Evaluate the effectiveness of the Department’s internal controls related to the Tax Reimbursement Incentive program.
2. Evaluate the tax credits that were granted during the state of Idaho’s fiscal year 2024 from July 1, 2023 through June 30, 2024 (FY2024).

For the fiscal year ended June 30, 2024, the Department submitted and received approval from the Economic Advisory Council (EAC) to enter into 7 Tax Reimbursement Incentive Agreements. This report covers all approved TRI awards for FY2024. The Department continues to accept applications for the TRI program and may have entered into agreements subsequent to June 30, 2024; however, those agreements are beyond the scope of this report.

Methodology

We evaluated the policies and procedures for the Department’s internal control system related to the Tax Reimbursement Incentive and provided suggestions based on our professional knowledge and any applicable best practices. Our evaluations of the internal control system included inquiries, observations, inspection and walk-throughs as deemed necessary to gain an understanding of the process.

Based on our understanding of the TRI processes and related internal controls our testing consisted of the following sections:

1. Completeness of the information gathered in the application process
2. The controls related to the Department of Commerce’s evaluation of the TRI applications
3. The controls related to the Economic Advisory Council (EAC) evaluation of potential TRI applications
4. Completeness and accuracy of the Tax Reimbursement Incentive Agreements
5. Review of the applicant’s annual reporting procedures and issuance of the Tax Credit Authorization Certificate

Executive Summary Conclusion

Based on the procedures performed, we are not aware of any exceptions to established procedures or deficiencies in internal controls that are in place related to the Idaho Reimbursement Incentive Act. As of June 30, 2024, 93 Tax Credit Authorization Certificates for 22 applicants have been issued since the inception of the program.

IDAHO REIMBURSEMENT INCENTIVE ACT

PROCESS NARRATIVE

For the Year Ended June 30, 2024

Idaho Department of Commerce Process Narrative

The following information was provided by the Idaho Department of Commerce to provide the reader of this report with an understanding of the TRI process.

The TRI application process has been carefully designed to thoroughly process and review the TRI applications to ensure applications comply with the legal requirements set forth in Idaho Code. The process includes the following steps and controls:

To initiate an application, an Applicant enters the information in a secure, online application system. The system is designed to be user-friendly to ensure an application cannot be submitted without all required information, and includes templates to ensure consistent information is received so that all Applicants are evaluated based on the same standard.

The Department's Grants & Contracts Manager receives all TRI applications and reviews them for completeness and works closely with the Department's Business Attraction team if more information is required.

The Grants & Contracts Manager performs a search for the Applicant on the Idaho Secretary of State's website to identify any existing Idaho business presence in the state. Results are then saved in the application file.

The Department's Research Analyst plots the business location on a GIS map to identify and determine whether the Applicant's facility or planned facility is located in a rural or urban location. Results are saved in the application file. The Grants & Contracts Manager also analyzes the statement of dependency for completeness.

Once an application is complete, the Grants & Contracts Manager provides a complete application packet to key Department personnel for scoring, economic impact analysis, and further review.

Completed applications undergo a thorough economic impact analysis, led by the Department's Research Analyst. The first of a two-part economic impact analysis requires each application be evaluated and scored on five criteria that encompass the potential benefits created by the application. The five required scoring criteria are:

1. The number of new Idaho jobs created.
2. The quality of the new Idaho jobs created.
3. The economic impact to the local community and region.
4. The economic impact to the industry sector in Idaho.
5. The economic impact to Idaho.

IDAHO REIMBURSEMENT INCENTIVE ACT

PROCESS NARRATIVE (Continued)

For the Year Ended June 30, 2024

The scoring for these criteria are governed by fixed mathematical algorithms to ensure that each project is evaluated equitably.

The second part of the economic impact analysis acknowledges each project has unique attributes that must be addressed to fully evaluate the impact of the application. Often these attributes are discretionary in nature and include the impact on regional workforce, wages and employment, level of capital investment, and potential detriments to existing Idaho industry and environment.

To ensure the discretionary criteria are evaluated in a balanced forum, the Research Analyst convenes a TRI Discretionary Advisory Committee (TRIDAC). A TRIDAC is made up of rotating, cross-divisional Department staff that are subject matter experts for the applicable region, county and/or city but who are not directly associated with the proposed project. The TRIDAC is comprised of economic development specialists, international trade specialists, tourism development specialists, and community development specialists. The TRIDAC reviews and establishes the scoring applied to the discretionary criteria in the analysis.

Once the TRIDAC review is complete, a score is generated that establishes an acceptable range for a proposed incentive offer. The range is calculated using a standard matrix that is used for all application scoring. In addition, the proposed incentive range is evaluated and calibrated against past projects that are similar in industry, job creation, and average wage to maintain consistency and equality among the Applicants.

Once the scoring and economic impact analysis is complete, the Business Attraction team presents the project at a TRI staff meeting and proposes a TRI term and percentage to the Director. The team meeting is attended by the Director, Business Development & Operations Administrator, Business Attraction Manager, Business Attraction Specialists, Research Analyst, Grants & Contracts Analyst, Business Retention & Expansion Manager, and Grants & Contracts Manager. The team discusses the proposal and the Director determines a no more than recommended TRI term and percentage within the established incentive range. The Grants & Contracts Manager then issues a letter summarizing the proposed TRI term and percentage and the necessary steps remaining for the application to be presented before the Economic Advisory Council (EAC).

Once the TRI term and percentage is established and negotiations with the Applicant are finalized, the Research Analyst, using industry established modeling software, completes an economic impact analysis to establish the estimated annual tax revenue and other impacts to the state economy over the full term of the proposed project. This analysis is then included in the executive summary packet that is presented to the Economic Advisory Council for review.

IDAHO REIMBURSEMENT INCENTIVE ACT

PROCESS NARRATIVE (Continued)

For the Year Ended June 30, 2024

To receive final approval, an application and the recommended TRI term and percentage must be approved by the Economic Advisory Council who typically meet on a monthly basis to review TRI projects. The Director, with the assistance of the Business Attraction team, is responsible for making the presentation to EAC. After hearing the recommendation, EAC can then take one of three actions: accept or reject the Director's recommendation, or request additional information in order to make a decision. If approved, the Director is then authorized to proceed and enter into a final agreement with the Applicant.

After EAC approval, the Grants & Contracts Manager enters into agreement negotiations with the company. A standard agreement, approved by the Department's Deputy Attorney General, is provided to the Applicant and any requested changes by the Applicant are evaluated by the Grants & Contracts Manager in consultation with the Department's Deputy Attorney General. Once a final agreement is negotiated, it is executed by the Company and the Director.

Annual reporting documents are sent to all Applicants with executed TRI agreements in the first quarter of each calendar year. Applicants that anticipate qualifying for a credit must file a full report with the Department by May 15 of each calendar year unless they have requested an income tax filing extension, in which case the report must be filed by October 15 of the calendar year.

Upon receipt of the Applicant's annual report, the Grants & Contracts Manager reviews the report for compliance and commences verification of the report contents with other subject matter experts within the Department. Applicant employee reports are requested from the Idaho Department of Labor (IDOL) and the contents are cross referenced with the list of new hires and reported wages submitted by the Applicant. A random sampling of 10% of all the Sales and Use tax receipts reported by the Applicant is requested from the Applicant. If the sampling contains errors, a larger sample is requested. For corporate income tax verification, the reported amounts are verified by an in person review of the Applicant tax return held at the Idaho State Tax Commission.

After verification of the report, the Grants & Contracts Manager creates a TRI checklist to determine compliance with the terms of the TRI agreement. The checklist is verified by the Director and staff. The Grants & Contracts Manager then calculates the tax credit amount based on the annual reporting and submits to the Director for final approval.

IDAHO REIMBURSEMENT INCENTIVE ACT
SUMMARY OF PROCEDURES, DEPARTMENT POLICIES, EVALUATIONS AND
RECOMMENDATIONS
For the Year Ended June 30, 2024

Procedure 1: Completeness of the information gathered in the application process

Control(s) Tested:

- 1. The Department's staff reviews all TRI applications to ensure all required information is included.**

Procedures:

We evaluated the completeness of the 7 applications that have been approved by EAC for the year ended June 30, 2024. Our evaluations included inquiries, observations, inspections and walk-throughs as deemed necessary. We reviewed Idaho Code 67-4737 through 67-4744, to determine the minimum required information to be obtained in the application process as outlined in section 67-4739, Idaho Code. As noted below:

1. A complete description of the proposed project and the economic benefit that will accrue to the state as a result of the project;
2. A description or explanation of whether the project will occur or how it will be altered if the tax credit application is denied by the council;
3. Proof of a community match;
4. An affidavit from the tax commission confirming that the applicant is in good standing in the state of Idaho and is not in unresolved arrears in the payment of any state tax or fee administered by the tax commission;
5. A detailed statement with an estimate of Idaho goods and services to be consumed or purchased by the applicant during the term;
6. Known or expected detriments to the state or existing industries in the state;
7. An anticipated project inception date and proposed schedule of progress;
8. Proposed performance requirements and measurements that must be met prior to issuance of the tax credit;
9. A detailed description of the proposed capital investment;
10. A detailed description of jobs to be created, an approximation of the number of such jobs to be created and the projected wages to be paid for such jobs; and
11. A detailed description of the estimated new state tax revenues to be generated by the project.

IDAHO REIMBURSEMENT INCENTIVE ACT
SUMMARY OF PROCEDURES, DEPARTMENT POLICIES, EVALUATIONS AND
RECOMMENDATIONS (Continued)
For the Year Ended June 30, 2024

The following documentation was reviewed to assess the completeness in our testing:

1. Idaho Code 67-4737 through 67-4744
2. Executive summary packet as presented to the EAC by the Department
3. Letter of intent to recommend to the applicant
4. Letter of community match commitment
5. Full TRI application, including a statement of dependency
6. Schedule of new jobs, inclusive of salary schedule
7. Schedule of estimated new State taxes
8. Certification of good standing by Idaho Tax Commission, if applicable

Evaluation and Recommendations:

No exceptions were found related to the completeness of information in the applications as a result of the procedures performed.

IDAHO REIMBURSEMENT INCENTIVE ACT
SUMMARY OF PROCEDURES, DEPARTMENT POLICIES, EVALUATIONS AND
RECOMMENDATIONS (Continued)
For the Year Ended June 30, 2024

Procedure 2: Controls related to the Department of Commerce’s evaluation of the TRI applications

Control(s) Tested:

- 1. The Director of the Idaho Department of Commerce provides the EAC with the Director’s recommendation for approval of a TRI application.**

The Director’s recommendation includes the proposed credit percentage and term length of the credit. The Director’s executive summary package is provided to the EAC to assist in their evaluation of the project. The package includes all the information tested in Procedure 1, as well as financial and credit information on the Applicant, an executive summary and the Departments internal evaluation of the impacts of the project on the economy of the State of Idaho.

- 2. The TRI staff at the Department of Commerce hold weekly meetings to evaluate the current/ongoing applications.**

The staff meetings are attended by key members of the TRI team including, the Director, Business Development & Operations Administrator, Business Attraction Manager, Business Attraction Specialists, Research Analyst, Grants & Contracts Analyst, Business Retention & Expansion Manager, and Grants & Contracts Manager. Items such as project scoring, economic impact models, company financial information and projected return on reimbursement are reviewed. For approximately the first six months of the program, and from time to time as needed, the meetings were also attended by the Department’s assigned Deputy Attorney General.

Procedures:

1. We reviewed each of the 7 TRI recommendations by the Director and corresponding informational package provided to the Economic Advisory Council.
2. Inquired of key members of the TRI team.

Evaluation and Recommendations:

Based on the procedures performed related to the 7 TRI recommendations, no exceptions were noted related to the established process for recommendation by the Director and approval by the EAC.

Based on the procedures performed, no exceptions were noted related to the weekly TRI update meetings.

IDAHO REIMBURSEMENT INCENTIVE ACT
SUMMARY OF PROCEDURES, DEPARTMENT POLICIES, EVALUATIONS AND
RECOMMENDATIONS (Continued)
For the Year Ended June 30, 2024

Procedure 3: Controls and procedures related to the Economic Advisory Council (EAC) evaluation of potential TRI applications

Control(s) Tested:

- 1. The Economic Advisory Council reviews and approves all TRI's prior to issuance by the Department.**

The EAC must approve all applications prior to the Department entering into an agreement with the applicant. Following the presentation of the applicant's information and recommendation by the Director, the EAC can vote to approve the TRI as it was recommended, reject the application, or request additional information prior to issuing a final decision.

- 2. If an EAC member has a conflict of interest, the conflict is disclosed and the EAC member(s) do not vote.**

In the event a member of the council has a conflict of interest on an application that is before the council, the member shall full disclose it to the council and abstain from any vote on the application.

- 3. The EAC members are appropriately appointed.**

67-4704, Idaho Code. Economic advisory council -- Appointment of members -- Qualifications. There shall be an economic advisory council to advise the Department in the preparation and execution of plans, projects and programs in the furtherance of the power and duties conferred by section 67-4703, Idaho Code. The director shall consult, confer and advise with the advisory council in connection with all decisions concerning the administration and development of such plans, projects and programs. The approval of the advisory council shall be a condition precedent to the undertaking of action in the implementation of such plans, projects and programs by the Department. The advisory council shall consist of eight (8) persons, who shall be appointed by and serve at the pleasure of the Governor, and who shall serve for three (3) year terms. They shall serve and shall be compensated as provided by section 59-509(n), Idaho Code. One (1) person shall be appointed to represent each of the seven (7) planning regions of the state, of which the appointee shall be a resident, and one (1) member shall serve in a statewide capacity. No more than five (5) members of the economic advisory council shall be from any one (1) political party.

IDAHO REIMBURSEMENT INCENTIVE ACT
SUMMARY OF PROCEDURES, DEPARTMENT POLICIES, EVALUATIONS AND
RECOMMENDATIONS (Continued)
For the Year Ended June 30, 2024

Procedures:

1. Reviewed the EAC minutes to ensure that the TRI applications and recommendations were properly approved by the EAC.
2. Reviewed the signed EAC annual ethical responsibility statements. Inquired of key members of the TRI staff to identify any known conflict of interest with EAC members.
3. Reviewed the EAC membership roster to ensure that the provisions section 67-4704, Idaho Code were being appropriately followed concerning the political and geographic makeup of the EAC membership.

Evaluation and Recommendations:

Based on the procedures performed, there were no exceptions identified in the controls related to the EAC or related to the function of the EAC as an effective oversight body.

Based on our review of the EAC roster, no exceptions were noted related to the EAC member requirements to have no more than five (5) members of any one political party and representation from the seven (7) planning regions, plus one at-large seat are being followed. For FY24, there were difficulties in finding a replacement for the region seven position after the previous members' membership expired. The EAC consisted of only seven members throughout FY24. The region seven position was filled three days before year end.

As of June 30, 2024, all 8 EAC members have signed ethical responsibility statements.

No conflict of interest was identified by an EAC member during the fiscal year ended June 30, 2024.

IDAHO REIMBURSEMENT INCENTIVE ACT

SUMMARY OF PROCEDURES, DEPARTMENT POLICIES, EVALUATIONS AND RECOMMENDATIONS (Continued)

For the Year Ended June 30, 2024

Procedure 4: Completeness and accuracy of Tax Reimbursement Incentive Agreement

Control(s) Tested:

1. TRI agreements are reviewed by Department staff to ensure the minimum information required is included and complete and accurate.

Procedures:

We reviewed Idaho Code 67-4737 through 67-4744, to determine the minimum required information to be included in the agreement. We evaluated the completeness and accuracy of the finalized applicant agreements for the TRI's that have been approved by EAC, during year ended June 30, 2024. Our evaluations included inquiries, observations and inspection as deemed necessary.

We reviewed the agreement letters for the following minimum terms:

1. The term of the agreement which in no case shall exceed fifteen (15) years;
2. The projected new state revenues to be generated during the term of the project;
3. The method and recordkeeping requirements to be used by the applicant to determine compliance;
4. The approved tax credit percentage applied to new state revenue each year the applicant is entitled to receive the reimbursements during the term of the project (must be less than 30%);
5. The projected new jobs;
6. The terms and conditions of any and all requirements and measurements that must be met prior to the issuance of a tax credit authorization;
7. The agreed upon and necessary proof of compliance required prior to tax credit issuance. Proof of compliance provided by the applicant must be adequate to demonstrate to the director that all requirements and measurements have been met for the applicant to receive the tax credit;
8. The consequences of default by the applicant;
9. The period to be used to determine the taxes paid at the date of application;
10. Identification of any individual or entity included within the application that is entitled to a rebate pursuant to section 63-3641 or 63-4408, Idaho Code, or is required to obtain a separate seller's permit pursuant to chapter 36, title 63, Idaho Code;
11. The federal employer identification and social security number for each individual or entity included within the definition of business entity and that is included within the filing of the application; and
12. Identification of the individual or entity that is or will be claiming the refundable credit.

IDAHO REIMBURSEMENT INCENTIVE ACT
SUMMARY OF PROCEDURES, DEPARTMENT POLICIES, EVALUATIONS AND
RECOMMENDATIONS (Continued)
For the Year Ended June 30, 2024

Evaluation and Recommendations:

It was noted during our procedures that of the 7 approved TRI's during the year ended June 30, 2024, 3 final agreements had been signed as the date of this report. Per our inquiry of the Department, all approved FY2024 applications are still considered valid and the other 4 final agreements have not been signed due to ongoing negotiations or are pending Applicant choice of Idaho as a location.

For FY2020, 9 of the 12 applicants had agreements that had not been signed as of June 30, 2020. As of June 30, 2024, 5 were withdrawn from the program, and the other 7 had signed agreements.

For FY2021, 6 of the 14 applicants had agreements that had not been signed as of June 30, 2021. As of June 30, 2024, 4 were withdrawn from the program, and the other 10 had signed agreements.

For FY2022, 8 of the 9 applicants had agreements that had not been signed as of June 30, 2022. As of June 30, 2024, 1 was withdrawn from the program, 2 had yet to sign the agreements, and the other 6 had signed agreements.

For FY 2023, 2 of the 3 applicants had agreements that had not been signed as of June 30, 2023. As of June 30, 2024, 1 was withdrawn from the program, and the other 2 had a signed agreement.

Based on the procedures performed, no exceptions were noted related to the required minimum information in the signed agreements.

IDAHO REIMBURSEMENT INCENTIVE ACT
SUMMARY OF PROCEDURES, DEPARTMENT POLICIES, EVALUATIONS AND
RECOMMENDATIONS (Continued)
For the Year Ended June 30, 2024

Procedure 5: Review and evaluate the applicant’s annual reporting procedures and issuance of the Tax Credit Authorization Certificate

Control(s) Tested:

- 1. The Director and appropriate Department staff review the required annual reporting by the applicant and determine compliance with the terms of the fully executed TRI agreement**
- 2. The Director approves or denies issuance of the tax reimbursement**

Background: Annually as outlined in the terms of the TRI agreement and as outlined in Idaho Code 67-4737 through 67-4744 applicants are required to provide certain key information to the Department to allow the Director to fully evaluate compliance with the agreement and either issue or deny the tax reimbursement for that year.

Procedure:

We reviewed the submitted annual reporting for the following documentation:

1. Supporting documentation of the new state revenues from the applicant’s new project that were paid during the preceding calendar year;
2. Supporting documentation of the new jobs that were created during the preceding calendar year;
3. Known or expected detriments to the state or existing industries in the state;
4. A document that expressly directs and authorizes the tax commission and department of labor to allow the department access to the applicant’s returns and other information that may be necessary to verify or otherwise confirm the declared new state revenues;
5. An affidavit from the tax commission confirming that the applicant is in good standing in the state of Idaho and is not in unresolved arrears in the payment of any state tax or fee administered by the tax commission;
6. Identification of any individual or entity included within the application that is entitled to a rebate pursuant to section 63-3641 or 63-4408, Idaho Code, or is required to obtain a separate seller’s permit pursuant to chapter 36, title 63, Idaho Code; and
7. Supporting documentation that the business entity has satisfied the measurements and requirements outlined in the agreement.

We verified the mathematical accuracy of the calculations made by the Department to get to the final tax credit authorization. We also recalculated the factors by which eligibility to receive the credit were determined.

IDAHO REIMBURSEMENT INCENTIVE ACT
SUMMARY OF PROCEDURES, DEPARTMENT POLICIES, EVALUATIONS AND
RECOMMENDATIONS (Continued)
For the Year Ended June 30, 2024

Evaluation and Recommendations:

For the 2024 Tax Year:

For the year ended June 30, 2024, 52 annual reports were due from approved applicants with executed agreements, for the 2023 tax year for the Department to review, of which 22 reports had been received, and 12 had been extended. Of the 22 received, 8 provided narrative reports as they did not qualify in the current reporting period for a credit. 14 were full reports, and as of June 30, 2024, 11 tax credit authorization certificates had been issued for the 2024 fiscal year. 3 full reports are in process of being reviewed and awaiting certificates.

Based on the procedures performed, no exceptions were noted related to the compliance requirements for the annual reports for which credit was issued as outlined by Idaho Code 67-4737 through 67-4744.



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