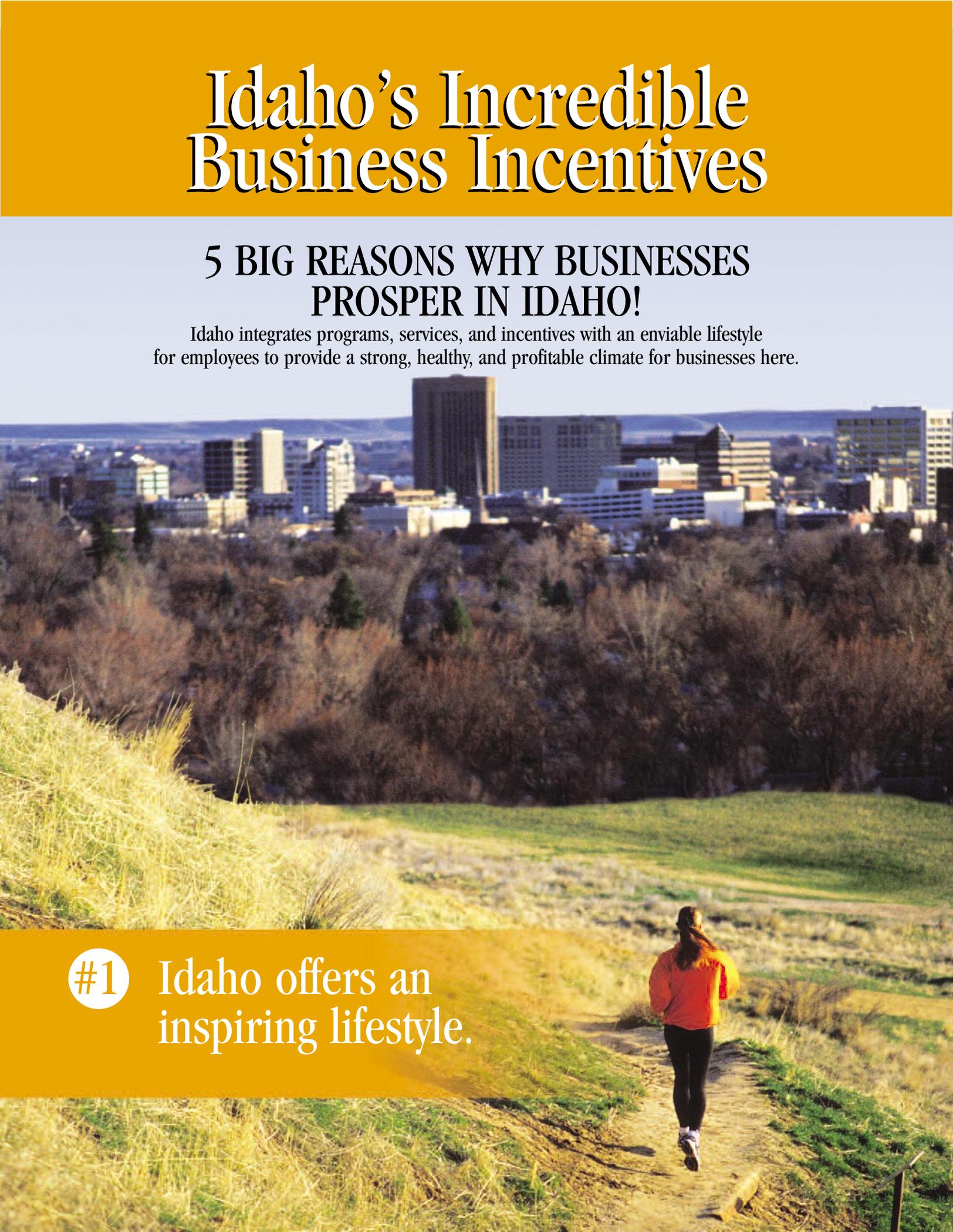


Idaho's Incredible Business Incentives

5 BIG REASONS WHY BUSINESSES PROSPER IN IDAHO!

Idaho integrates programs, services, and incentives with an enviable lifestyle for employees to provide a strong, healthy, and profitable climate for businesses here.

A woman in a red jacket is running on a dirt path that winds through a grassy hillside. In the background, a city skyline is visible, including a prominent tall, cylindrical building. The foreground is filled with tall, golden grasses. The overall scene is bright and sunny, suggesting a clear day.

#1 Idaho offers an inspiring lifestyle.

#2 Idaho extends financial incentives and tax credits.

3% INVESTMENT TAX CREDIT

Available for qualifying new investments in Idaho. The credit can offset up to 50% of your state income tax liability and may be carried forward up to 14 years.

In lieu of this income tax credit, a two-year exemption from property tax on qualified personal property is available. The exemption is available only if a loss was incurred in the second preceding tax year in which the property is placed in service. The loss must have been computed without regard to any carryover or carryback of net operating losses.

Up TO \$2000 NEW EMPLOYEE TRAINING REIMBURSEMENT

Available for each new job created by companies qualifying for Idaho's Workforce Development Training Fund program. UP TO \$3000 REIMBURSEMENT per new job created in select rural counties.

\$1000 NEW JOBS INCOME TAX CREDIT

Available for any business that adds new employees whose annual earnings average \$15.50 per hour or more and who are eligible to receive employer provided coverage under an accident or health plan.

\$500 NEW JOBS INCOME TAX CREDIT

Available for businesses that produce, assemble, fabricate, manufacture, or process natural resource products. May not be combined with the \$1000 new jobs tax credit.

5% RESEARCH AND DEVELOPMENT INCOME TAX CREDIT

Available for basic research and costs of qualified research that is performed in Idaho. The research and development tax credit is transferable.

3% BROADBAND TELECOM TAX CREDIT

Up to \$750,000 on Idaho State Income Tax for qualified broadband equipment. Credit is transferable.



Challenging the wild Payette River.



Idaho National Laboratory scientists share technology.



Theatre for kids of all ages.

100% PRODUCTION SALES TAX EXEMPTION

Idaho sales and use tax exemptions are available for equipment and materials used directly in manufacturing, processing, mining, fabrication, or logging operations; and for clean rooms used in semiconductor and semiconductor equipment manufacturing.

NET OPERATION LOSS DEDUCTIONS

Carry back up to \$100,000 loss per tax year for two years. Losses not absorbed in two years may be carried forward for a maximum of 20 years or until absorbed.

100% PROPERTY TAX EXEMPTION

Applies to business inventory and registered motor vehicles, vessels, and aircraft.

100% GOODS-IN-TRANSIT TAX EXEMPTION

Plus an additional exemption from sales and use tax for goods purchased by a carrier in its business and delivered outside of Idaho.

100% POLLUTION CONTROL EQUIPMENT TAX EXEMPTION

Applicable to sales and use tax for equipment required by state and federal regulation. Required pollution control facilities are exempt from property tax.

100% INDUSTRIAL FUELS AND RAW MATERIALS EXEMPTION FROM IDAHO SALES TAX

IDAHO PRIME RATE LOAN PROGRAM

Offers low interest loans for any purpose to qualifying small businesses. Loans are offered by commercial banks and have up to 85% Small Business Administration guaranty.

UP TO \$10 MILLION IN INDUSTRIAL REVENUE BONDING

Available to finance manufacturing, processing, production, and assembly projects. Tax-free bonds are issued by public corporation with project or business serving as collateral.



Night skiing 16 miles from Boise.



Flexcel workers build fine office furniture.

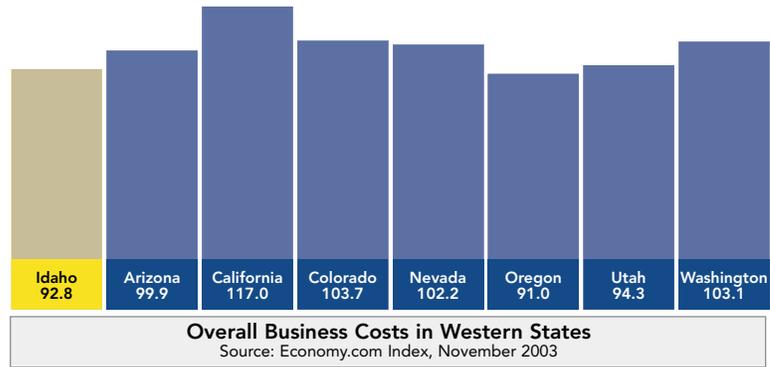


Fine dining and exhilarating night life.

#3 Idaho compares favorably to other western states.

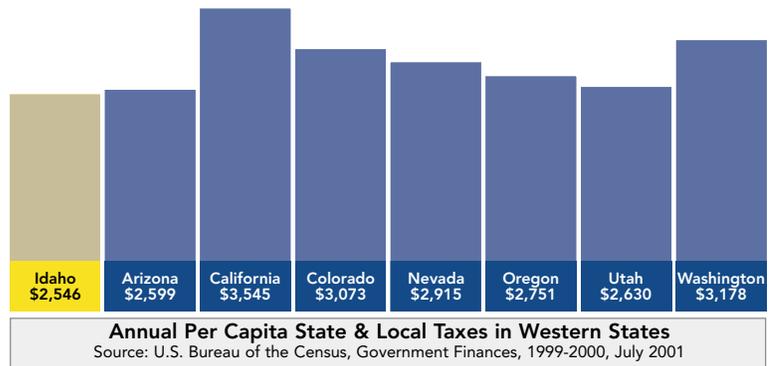
Overall Business Costs

Economy.com ranks Idaho among the top 10 in the country in overall costs of doing business and No. 1 for lowest energy costs. The Corporation for Enterprise Development rates Idaho No. 1 in manufacturing investment and 6th best in long-term employment growth.



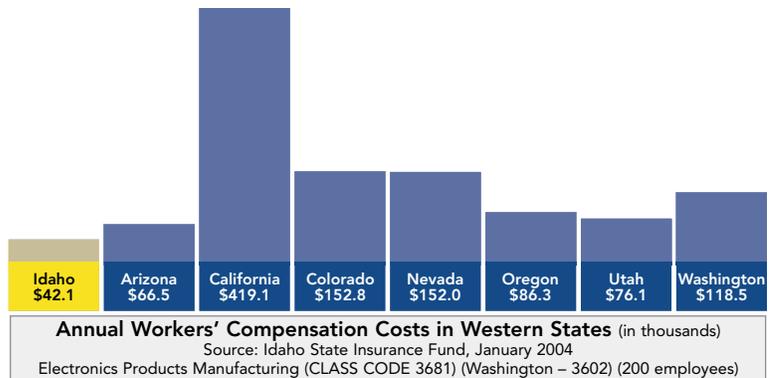
Per Capita Taxes

Idaho's overall tax burden per capita is among the lowest in the West. Our tax revenues come from a balanced mix of personal income, sales, property, and corporate income taxes, providing a stable base with which to fund public services without unfairly burdening any sector. Plus, Idaho's per capita debt is the 2nd lowest in the nation.



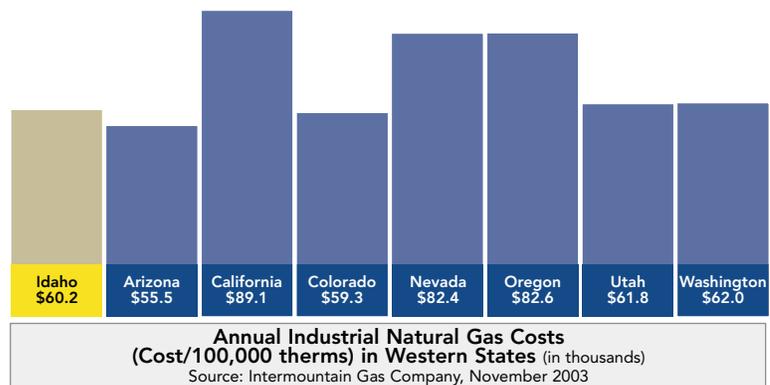
Workers' Comp Rates

Idaho employers with workers' compensation insurance pay some of the lowest premiums in the country. In fact, workers' comp rates for 2004 are over 25% less than 1994 rates. And, if these lower than normal rates create a surplus, policyholders will save in the form of rate deviations or actual dividends.



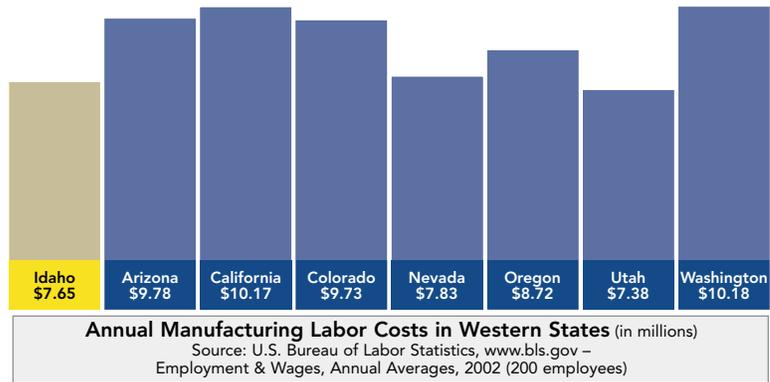
Natural Gas Costs

Idaho can boast some of the lowest natural gas prices in the country. The Williams Pipeline, running through southern Idaho, connects with extensive gas fields in Canada, Mexico, and the Western U.S. And, thanks to this supply availability, both commercial and residential natural gas users find very competitive rates in Idaho.



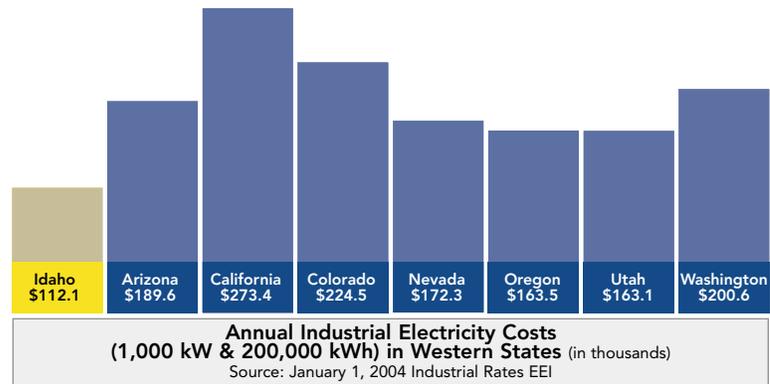
Labor Costs

Idaho offers a very skilled and highly productive labor force that is trained and ready to work. With reasonable wages and living costs, Idaho's labor climate is right for business. Your labor dollar simply goes further, making your profits go even higher.



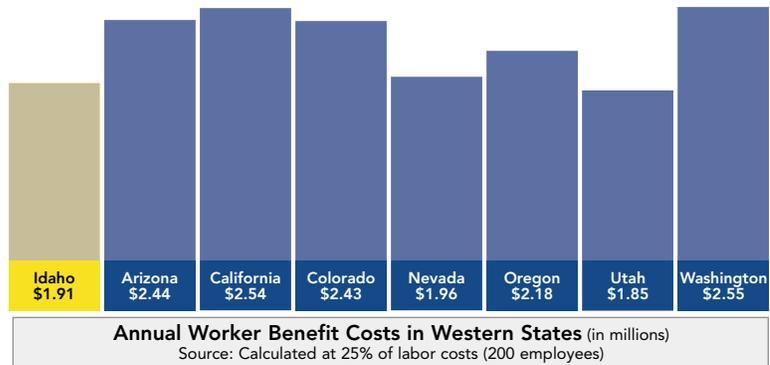
Electricity Costs

Approximately two-thirds of Idaho's electricity is produced with low-cost hydropower facilities. As part of the Bonneville Power Administration's northwest power distribution grid, industrial electric rates are lower than most major cities in the nation and about half that of many western cities.



Employee Benefits

Idaho employers appreciate the lower medical insurance costs, lower workers' compensation insurance rates, lower retirement plan contributions, and lower expense for paid vacation and holidays that they find here. However, employee output is still high and is the direct result of a work ethic you'll be hard pressed to find elsewhere.



Unemployment costs

Idaho lowered its unemployment rate in 1998, saving Idaho businesses more than \$147 million. In addition, taxes have been frozen through 2004, which will save Idaho companies another \$120 million. What's more, Idaho's unemployment insurance fund is 1 of only 12 in the nation that has never had to borrow. The fund's solid performance keeps costs down for employers while providing benefits to workers during periods of involuntary unemployment.

	No. of Employees	Insurance Base Rate	Taxable Amount	Average Rate	Contribution
Idaho	200	\$27,600	\$5,520,000	1.5%	\$82,800
Arizona	200	\$7,000	\$1,400,000	2.7%	\$37,800
California	200	\$7,000	\$1,400,000	3.4%	\$47,600
Colorado	200	\$10,000	\$2,000,000	2.5%	\$50,000
Nevada	200	\$22,000	\$4,400,000	3.0%	\$132,000
Oregon	200	\$27,000	\$5,400,000	3.3%	\$178,200
Utah	200	\$22,700	\$4,540,000	2.7%	\$122,580
Washington	200	\$30,200	\$6,040,000	2.8%	\$169,120

Average Unemployment Insurance Costs for New Employers – 2004
* Tax rate for new employers as a percentage of taxable wages up to the wage base. In Utah the new employer rate varies. 2.7% is the rate for machinery manufacturing (333).
Source: October 2004, Idaho Commerce & Labor

#4 Idaho finds and trains workers, stimulates greater profits.

CUSTOMIZED RECRUITING SERVICES

Get one-on-one professional guidance in managing the recruitment process. Experienced consultants can visit your work site to identify needs and then effectively match employee prospects to the skills, training, and experience required to fill your jobs. Also take advantage of free, nationwide exposure on the Idaho Commerce & Labor and National Job Bank Web sites.

CUSTOMIZED EMPLOYEE TRAINING

Idaho supports education and training programs to help provide skilled, productive workers for your company. Training can be tailored to your specific company needs and designed to develop skill sets to meet your precise requirements. Financial reimbursement is available to eligible companies to cover the cost of training new employees.

WORKFORCE TRAINING NETWORK (WTN)

The WTN coordinates delivery of statewide customized training to meet the needs of Idaho's employers and citizens. All programs are provided in a flexible professional environment that can be custom tailored to meet a company's specific criteria and delivered in an approach that best fits its needs.

IDAHO BUSINESS NETWORK (IBN)

IBN matches the purchasing needs of federal and state agencies with the products and services of Idaho companies. In addition, IBN provides technical assistance with completing bid documents, offers seminars on evolving procurement practices, and hosts the Governor's Business Opportunity Conference, putting you face-to-face with purchasing professionals from government agencies and large corporations. Annually, Idaho businesses average over \$100 million in federal and state contracts by taking advantage of IBN.

EXPORT ASSISTANCE

The International Trade Division offers export counseling, seminars, and marketing resources to Idaho companies. Additionally, marketing opportunities via catalogs, trade shows, and trade missions are provided at a nominal fee. Idaho trade representatives in Mexico, China, Taiwan, and Korea assist companies by finding business opportunities, distributors, and projects. Partnership with the U.S. Commercial Service provides worldwide resources and assistance.



Upscale retail stores where you can shop 'til you drop.

TechHELP

TechHelp is an organization uniquely positioned to help Idaho manufacturers become more competitive. Lean manufacturing, human performance, quality systems, product development, and information technology are all areas in which TechHelp assists Idaho companies.

SMALL BUSINESS DEVELOPMENT CENTERS (SBDC)

The SBDC's deliver up-to-date counseling, training, and technical assistance in all aspects of small business management, with a primary goal of helping small business owners and potential business owners make sound decisions for the successful operation of their business.

TechCONNECT

TechConnect acts as project managers to access the resources necessary for businesses to commercialize private, university, and governmental technologies.



Action-packed Idaho Steelheads Hockey.

Jacobs Munnroe and Idaho Steelheads

#5 Idaho augments local governments with infrastructure improvements.

State-sponsored programs and federal grant monies are earmarked to assist Idaho communities and counties with infrastructure improvements that encourage business expansion and strengthen the local economy.

UP TO \$500,000 IN COMMUNITY BLOCK GRANT FUNDS

Available to local cities and counties to finance public infrastructure improvements that support business development.

UP TO \$500,000 IN RURAL ECONOMIC DEVELOPMENT GRANTS

Available to communities in rural Idaho to finance and facilitate business development, expansion, or relocation.

UP TO \$50,000 IN GEM IMPLEMENTATION GRANT FUNDS

Available to Gem Communities (any city under 10,000 in population that are active in the state's Gem Community program) for projects that create assets with a high certainty of aiding job creation and job retention.

TAX INCREMENT FINANCING

Available to cities and counties to fund the development of new infrastructure needed to support business development.

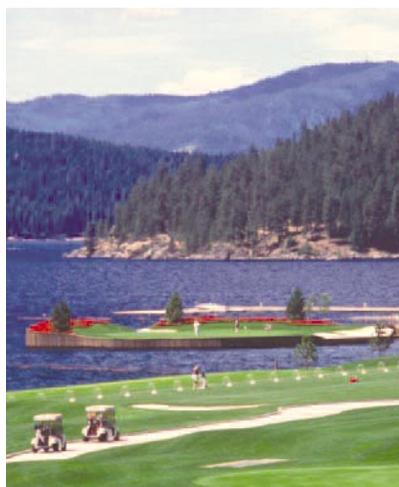
ECONOMIC DEVELOPMENT ADMINISTRATION GRANTS

Available to communities for industrial or commercial site development where commercial financing is not attainable. Loans up to \$10,000 may be granted for each new job created.

A broad inventory of printed materials, handbooks, and catalogs are available on most development and incentive programs from various departments and agencies. For a complete list of publications, please visit idahoworks.com and click on "Publications."



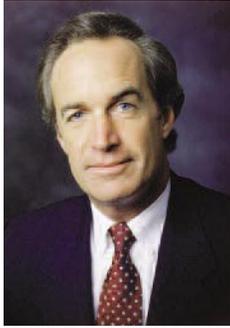
Idaho is home to tech leader Micron Technology, Inc.



Unique floating green at the Coeur d'Alene course.



Albertson's supermarket headquarters.



"My administration wants to make Idaho the best place in the country to do business. We offer a full range of business solutions designed to make our Idaho businesses grow and prosper."

DIRK KEMPTHORNE, Governor



"Companies from throughout the world are expanding and investing in Idaho. We know what it takes to attract investment and create jobs. Idaho's competitive operating costs, stable tax structure, and technically-skilled and productive workforce lead to exceptional bottom-line profits."

ROGER B. MADSEN, Director

IDAHO
COMMERCE & LABOR

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