



STATE OF IDAHO

April 14, 2008

The Honorable Lawerence Denney
Speaker of the House
Idaho House of Representatives
Legislative Annex
Boise, ID 83720

VIA HAND DELIVERY

Dear Mr. Speaker,

I hereby advise you that I have returned without my approval, disapproved and vetoed, the following House Bill, to wit:

H0664

within the time limited by law, the same having arrived in the Office of the Governor at the hour of 1:30 p.m. on April 2, 2008.

Having just signed House Bill 599, granting personal property tax relief to roughly 88 percent of small businesses throughout Idaho, it would be inconsistent and unwise to then approve legislation eliminating tax relief for some of those businesses as well as some of Idaho's larger employers. Specifically, this bill would eliminate the 5-percent income tax credit for research activities – essentially imposing a nearly \$1.4 million annual tax increase on those who invest in research and development to create products, jobs and income for Idahoans. That would put Idaho at a competitive disadvantage with surrounding states, which offer employers research-and-development tax credits.

Many of Idaho's employers and exporters rely on research and development investment as they expand, diversify and engage in critical partnerships with such public-sector entities as the Idaho National Laboratory and our colleges and universities. These are relatively long-term investments, expressing a commitment to Idaho's economy and more importantly to our people. To withdraw this small but important incentive while at the same time providing personal property tax relief to help stimulate business growth and investment sends a confusing and troubling signal to those with the confidence and entrepreneurial spirit to tie their wagon to Idaho's star.

As Always – Idaho, "Esto Perpetua"

A handwritten signature in black ink, appearing to read "C.L. 'Butch' Otter".

C.L. "Butch" Otter
Governor of Idaho