

## STATEMENT OF PURPOSE

### RS26150

This Legislation changes the sales tax exemption for research and development activities conducted at INL. Under current law, property used at INL "primarily" for research and development financed by the United States is exempt from sales tax. If R&D activity at INL is conducted in a public-private partnership in conjunction with other non-R&D activities, when the R&D component is not the "primary" use of the entire property, no sales tax exemption is allowed for the R&D at all. This legislation changes existing law to provide that the portion expended on R&D will continue to be exempt from sales tax even though non-R&D activities may also be conducted at the property. The property devoted to those non-R&D activities, of course, is not exempt from sales tax.

### FISCAL NOTE

This legislation will exempt R&D activities at INL from the sales tax if they are conducted in new ways, which could be viewed as a negative impact to the general fund by extending the exemption to activities that are not now exempt. If those same R&D activities were done alone (as they currently are) they would be exempt. The amount of non-R&D activity conducted in conjunction with the R&D activity will be subject to the sales tax. Viewed in that light, if this legislation incents those activities, it has a positive impact to the general fund. The amount of that impact is unknown but could be quite substantial. If the non-R&D activity is not incented by this legislation, there will be no negative impact to the general fund since this exemption will not be used.

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**DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).**