

**SALES TAX EXEMPTIONS/EXCLUSIONS
CRITERIA TO EVALUATE**

Exemption/Exclusion Description	Broad Citizen Benefit (over cost)	Critical to Industry Competition	Clear: What & Who are Exempt	Valid in Current Economy	Other Tax Impacts	Treat Likes Alike	Cost to Comply and Collect	Taxes Currently Avoided @ 5%* (\$ in 000)	1st Year Recovery if Taxed at 5%** (\$ in 000)
Specific Uses Not Taxed:									
Production Exemption- Equipment Supplies Irrigation	Broad - based and not business or organization specific. The benefit to the general population must be greater than the cost.	Business impact to industry (jobs created/maintained). Competitive with out-of-state firms.	The exemption must be clear and concise. Easy to understand what is and who is exempt.	If the exemption was valid when originally passed, can the same be said when examined in today's economic circumstances?	Tax shifts ought to be minimized. No undue burden shifted to others. Effect on other taxes.	Must treat taxpayers with similar circumstances equally, even if not in the same industry.	Easy to administer by taxpayers and taxing authorities. The administrative cost to business and government should be low.	\$ 63,852	\$ 55,600
								\$ 48,336	\$ 42,100
								\$ 2,681	\$ 2,300
Total Production								\$ 114,869	\$ 100,000
Trade-in value								\$ -	\$ -
Motor vehicles used o/s Idaho								\$ -	\$ -
Interstate trucks								\$ 5,224	\$ 1,000
Food stamps/WIC								\$ -	\$ -
Out-of-state contracts								\$ 2,938	\$ 1,000
Pollution control equipment								\$ 2,831	\$ 2,700
School Lunches/Sr Citizen								\$ -	\$ -
Railroad rolling stock								\$ 2,125	\$ 1,900
Broadcast equipment/supplies								\$ 1,763	\$ 1,600
Commercial aircraft								\$ 1,575	\$ 500
Sale/lease of business/assets								\$ 1,395	\$ 700
Ski lifts/snowgrooming equip	\$ 502	\$ 450							
Clean rooms	\$ 400	\$ 375							
Publishing equipment/supp	\$ 113	\$ 100							
Lodging/eating/drinking places	\$ 50	\$ 30							
Drivers education autos	\$ 32	\$ 25							
Incidental sales of TPP	\$ -	\$ -							
Donations of real property - Id	\$ -	\$ -							
Common carrier purchases	\$ -	\$ -							
Total Specific uses Not Taxed	\$ 174,096	\$ 110,380							
Goods Not Taxed:									
Motor fuels							\$ 50,310	\$ 50,000	
Utility sales							\$ 47,628	\$ 47,000	
Prescriptions/medical equip							\$ 15,529	\$ 13,500	
Heating materials							\$ 2,429	\$ 2,300	
Used mobile homes							\$ 2,300	\$ 1,500	
New manufactured homes							\$ 1,607	\$ 1,600	

*General Fund Revenue Book, FY 2004; Prepared by DFM, dated January 2003. Estimate of sales/use taxes avoided based upon current economic behavior.

**Also assumes no change in current economic behavior.

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<u>Exemption Description</u>	<u>Broad Citizen Benefit (over cost)</u>	<u>Critical to Industry Competition</u>	<u>Clear: What & Who are Exempt</u>	<u>Valid in Current Economy</u>	<u>Other Tax Impacts</u>	<u>Treat Likes Alike</u>	<u>Cost to Comply and Collect</u>	<u>Taxes Currently Avoided @ 5%*</u> (\$ in 000)	<u>1st Year Recovery if Taxed at 5%**</u> (\$ in 000)
(goods not taxed - continued)									
Funeral caskets								\$ 889	\$ 800
Precious metal bullion								\$ 465	\$ 400
Telecommunications equip								\$ 663	\$ 601
Nonprofit literature								\$ 95	\$ 90
Official documents								\$ 47	\$ 45
Containers								\$ 23	\$ 14
Vending machines								\$ -	\$ -
Total Goods not taxed								\$ 121,985	\$ 117,850
<u>Services Not Taxed:</u>									
Health & Medical services								\$ 205,707	\$ 190,000
Professional services								\$ 138,883	\$ 70,000
Construction								\$ 99,031	\$ 50,000
Business services								\$ 56,393	\$ 28,000
Information services								\$ 41,706	\$ 40,000
Repairs								\$ 37,622	\$ 30,000
Social services								\$ 32,064	\$ 16,000
Transportation services								\$ 16,150	\$ 8,000
Educational services								\$ 14,320	\$ 7,500
Personal services								\$ 9,128	\$ 5,000
Lottery tickets & pari-mutuel								\$ 6,787	\$ 5,000
Agricultural & Indust services								\$ 1,366	\$ 900
Miscellaneous services								\$ 1,559	\$ 170
Media measurement services								\$ 46	\$ 30
Total services not taxed								\$ 660,762	\$ 450,600
<u>Specific Entities Not Taxed:</u>									
State/Local govt purchases								\$ 19,710	\$ 19,500
Hospital purchases								\$ 13,944	\$ 13,500
Educational institution purch								\$ 5,271	\$ 5,000
INEEL R&D purchases								\$ 3,458	\$ 3,000
Sales by indian tribes								\$ 3,193	\$ 100

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<u>Exemption Description</u> (entities not taxed - continued)	<u>Broad Citizen Benefit (over cost)</u>	<u>Critical to Industry Competition</u>	<u>Clear: What & Who are Exempt</u>	<u>Valid in Current Economy</u>	<u>Other Tax Impacts</u>	<u>Treat Likes Alike</u>	<u>Cost to Comply and Collect</u>	<u>Taxes Currently Avoided @ 5%*</u> (\$ in 000)	<u>1st Year Recovery if Taxed at 5%**</u> (\$ in 000)
Sales by non-retailers	Broad - based and not business or organization specific. The benefit to the general population must be greater than the cost.	Business impact to industry (jobs created/maintained). Competitive with out-of-state firms.	The exemption must be clear and concise. Easy to understand what is and who is exempt.	If the exemption was valid when originally passed, can the same be said when examined in today's economic circumstances?	Tax shifts ought to be minimized. No undue burden shifted to others. Effect on other taxes.	Must treat taxpayers with similar circumstances equally, even if not in the same industry.	Easy to administer by taxpayers and taxing authorities. The administrative cost to business and government should be low.	\$ -	\$ -
Vending machines sales								\$ 1,589	\$ 750
Motor vehicles/family canal company purchases								\$ 1,462	\$ 1,000
Incidental church sales								\$ 721	\$ 600
Auto manufacturer rebates								\$ 505	\$ 50
Health entity purchases								\$ -	\$ -
Food bank purchases								\$ 248	\$ 100
Forest protective purchases								\$ 177	\$ 100
4H and FFA sales								\$ 32	\$ 25
Sales by outfitters/guides								\$ -	\$ -
Meal sales by churches								\$ 13	\$ 10
Centers for independent living								\$ -	\$ -
Nonsale clothier purchases								\$ 4	\$ 2
Ronald Mcdonald rooms								\$ -	\$ -
Federal Excise tax - retail								\$ 1	\$ 1
Federal constitutional items	\$ -	\$ -							
Other federal/state prohibitions	\$ -	\$ -							
Total Entities Not Taxed	\$ 52,860	\$ 43,738							
Grand Total of all categories	\$ 1,009,703	\$ 722,568							

Millions of Dollars

	<u>Year</u>	<u>As Published</u>	<u>STC Estimate</u>	
State/local sales tax revenue loss from E-Commerce (remote sellers)*	2001	\$ 44	\$30 - \$35	Dependent upon Idaho adopting Uniform Sales and Use Tax Administration Act, AND U.S. Congressional action.
*Taken from Center for Business and Economic Research, University of Tennessee, September 2001	2006	\$ 151		
	2011	\$ 185		

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