

Sales Tax Exemptions

(All numbers contained within this document are based upon a sales tax rate of 6 percent – with no adjustment for elasticity)

Description	DFM Estimated** Amount – FY 2004	STC Estimate of 1 st Yr Proceeds if Taxed
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Specific Uses Not Currently Taxed:

Production Exemption – Equipment
Idaho Code 63-3622D; 63-3622JJ.

\$76,622,400 (original) \$66,720,000

Description: This feature of the production exemption exempts equipment used to produce a taxable product. Production activities covered by this exemption are limited to manufacturing, processing, fabricating, logging, farming, and mining. The equipment must be primarily and directly used in the production activity to qualify. Also, the claiming entity must be primarily engaged in a qualifying activity for its equipment to qualify. The only exception to this is logging, where any logging equipment qualifies.

Certain specific exclusions from the production exemption exist. They include: hand tools with a unit purchase price of \$100 or less; equipment that is used in activities other than the actual production activity; equipment used in research and development; equipment used in transportation, including motor vehicles and aircraft that are required to be licensed by any state; equipment used to make repairs; any tangible personal property that is or is intended to become a component of real property; recreational vehicles; equipment used to produce exempted gas, electricity, water, heating materials, literature, or liquor.

History: This exemption was originally enacted in 1965 as 63-3622D. In 1987, custom farmers were added to the exemption by amending 63-3603, definition of farming. In 1989, 63-3605A was added to include contract loggers in the production exemption. In 1990, logging was moved to a separate section and expanded to include persons who are not primarily engaged in logging. It was amended in 1991 in response to the Haener decision (Idaho Supreme Court) by adopting the integrated plant doctrine, exempting equipment used to fabricate or install production equipment, and adding safety equipment.

Production Exemption – Supplies
Idaho Code 63-3622D, 63-3622JJ

\$58,003,200 (original) \$50,520,000

Description: This feature of the production exemption exempts supplies used in the process of producing a product for resale. Production activities covered by this exemption are limited to manufacturing, processing, fabricating, farming, logging, and mining. The supplies must be primarily and directly used in the production activity to qualify. Also, the claiming entity must be primarily engaged in a qualifying activity for its production supplies to qualify. The only exception to this is logging, where any logging supplies qualify.

**Source: General Fund Revenue Book; FY 2004; Prepared by DFM; dated January 2003.
No adjustments for price elasticity.

<u>Description</u>	<u>DFM Estimated** Amount – FY 2004</u>	<u>STC Estimate of 1st Yr Proceeds if Taxed</u>
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(Continued)

Certain specific inclusions to the production exemption for supplies exist. They include: repair parts, lubricants, hydraulic oil, coolants, chemicals, catalysts, safety supplies (except for logging), and, in the dairy industry, disinfectants used to clean cow udders or to clean pipes, vats, or other milking equipment. Fuel used in logging trucks is also exempt.

Certain specific exclusions from the production exemption for supplies exist. They include: supplies that are used in activities other than the actual manufacturing, mining, farming, or logging process; supplies used in research or development; supplies used in transportation activities; repair supplies, other than parts for production equipment; any tangible personal property that is or is intended to become a component of real property; supplies used to produce exempted gas, electricity, water, heating materials, literature, or liquor.

History: **This exemption was originally enacted in 1965** as 63-3622(d); custom farmers were added to the production exemption in 1987 by amending 63-3603, definition of farming; contract loggers were added in 1989 by adding 63-3605A. In 1990, logging was moved to a separate section and expanded to allow the exemption to apply to persons who are not primarily engaged in logging. Amended in 1991 in response to the Haener decision (Idaho Supreme Court) by adopting the integrated plant doctrine, exempting supplies used to fabricate or install production equipment, and adding safety supplies (except for logging). Amended in 1996 to add all fuel used in logging trucks.

Irrigation Equipment and Supplies

Idaho Code 63-3622W

\$ 3,217,200

\$ 2,760,000

Description: Exempts agricultural irrigation equipment and supplies, even if attached to real property, and even if purchased by a contractor for an agricultural irrigation project.

History: Originally enacted in 1975 as 63-3622(f).

Total Production Exemption

\$137,842,800

\$120,000,000

Trade-in Value Idaho Code 63-3613(b)2

\$ 26,762,400 (original) \$ -0-

Description: Excludes from the taxable sales price any amounts allowed for merchandise traded in on other like goods. History: **Enacted in 1965**. Amended in 1990 to include trade-downs and barbers.

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Motor Vehicles Used Outside of Idaho
Idaho Code 63-3622R

\$ 14,948,400 (original) \$ -0-

Description: Exempts vehicles under 26,000 pounds bought in Idaho for use outside Idaho. It also applies to trailers. (See Interstate Trucks for vehicles over 26,000 pounds and trailers used in interstate commerce.) History: **Originally enacted as 63-3622(q) in 1965**, it exempted vehicles sold in Idaho for use out-of-state. It was amended in 1989 to add weight limit.

Interstate Trucks Idaho Code 63-3622R \$ 6,268,800 \$ 1,200,000

Description: Exempts trucks weighing over 26,000 pounds that are registered under the international registration plan (or similar prorata system) and trailers that are used in a fleet operating in interstate commerce. Provides a recapture of sales tax on vehicles that are part of a fleet that are not used at least 10% outside Idaho during the calendar year. History: Enacted in 1989.

Food Stamps/WIC Idaho Code
63-3622EE; 63-3622FF

\$ 3,850,800 \$ -0-

Description: Exempts goods purchased with WIC checks and federal food stamps. History: Mandated in 1987 by the federal government.

Out-of-State Contracts Idaho Code 63-3622B \$ 3,525,600 (original) \$ 1,200,000

Description: Exempts goods purchased by contractors to install into real property in nontaxing states. History: **Originally enacted in 1965** as 63-3622(b), it was amended in 1993 to extend to non-Idaho contractors.

Pollution Control Equipment
Idaho Code 63-3622X

\$ 3,397,200 \$ 3,240,000

Description: Exempts equipment required by regulatory agencies for air or water pollution control. History: Originally enacted in 1977 as 63-3622(e). Amended in 1997 to add certain dry-cleaning equipment.

School Lunches and Senior Citizen Meals
Idaho Code 63-3622J

\$ 2,757,600 (original) \$ -0-

Description: Exempts federal meals programs for youth and elderly. History: **School Lunch programs were exempted in 1965** as 63-3622(k). Amended in 1974 to add sale of meals to aging persons under the Older Americans Act Program.

**Source: General Fund Revenue Book; FY 2004; Prepared by DFM; dated January 2003.
No adjustments for price elasticity.

<u>Description</u> (Continued)	<u>DFM Estimated**</u> <u>Amount – FY 2004</u>	<u>STC Estimate</u> <u>of 1st Yr Proceeds</u> <u>if Taxed</u>
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Railroad Rolling Stock and Remanufacturing <i>Idaho Code 63-3622CC; 63-3622DD</i>	\$ 2,550,000	\$ 2,280,000
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Description: Provides an exemption for railroad rolling stock and for parts, equipment, and supplies used in the process of remanufacturing railroad rolling stock, whether or not the rolling stock is for resale. Rolling stock must have been used in interstate commerce at least three months prior to rebuild to qualify. History: Enacted in 1986.

Broadcast Equipment and Supplies

<i>Idaho Code 63-3622S</i>	\$ 2,115,600	\$ 1,920,000
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Description: Provides an exemption for equipment and supplies used to produce and broadcast radio and television programs. History: It was originally enacted in 1975 as 63-3622(w) and was amended in 1987 to add aircraft to the exclusions from the exemption.

Commercial Aircraft <i>Idaho Code 63-3622GG</i>	\$ 1,890,000	\$ 600,000
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Description: Exempts aircraft purchased for commercial transport of passengers or freight. History: Enacted in 1988. Amended in 1994 to add any aircraft that are for use outside Idaho.

Sale or Lease of Businesses or Business Assets

<i>Idaho Code 63-3622K(b)(2-5)</i>	\$ 1,674,000 (original)	\$ 840,000
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Description: Exempts sales of otherwise taxable merchandise, equipment, and supplies in cases where the entire business operation is undergoing transfer of ownership and the business itself will continue its operations. It also exempts sales of businesses that amount to change in the form of business ownership. It also exempts sales and leases of capital assets between closely related businesses, but only if the sales tax has previously been paid on the capital asset.

History: **Originally enacted as 63-3622(l)**, it was amended in 1967 to add bulk sales and change in form of doing business by adopting a new definition section 63-3612A in 1967. Section 63-3612A was repealed and moved to 63-3622K in 1988, then amended in 1990 to add related business transfers and sales. Amended in 1996 to add leases of assets among family-owned businesses.

Ski Lifts and Snowgrooming Equipment

<i>Idaho Code 63-3622Y</i>	\$ 602,400	\$ 540,000
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Description: Exempts the lifts, snowgroomers, and snowmaking equipment used by the owner of a ski area. History: Enacted in 1995.

**Source: General Fund Revenue Book; FY 2004; Prepared by DFM; dated January 2003.
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<u>Description</u> (Continued)	<u>DFM Estimated** Amount – FY 2004</u>	<u>STC Estimate of 1st Yr Proceeds if Taxed</u>
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Clean Rooms <i>Idaho Code 63-3622NN</i>	\$ 480,000	\$ 450,000
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Description: Exempts any tangible personal property that is used in or becomes a part of a “clean room” used to manufacture semiconductors. Also includes property that is used to maintain a clean room. History: Enacted in 1999.

Publishing Equipment and Supplies <i>Idaho Code 63-3622T</i>	\$ 135,600	\$ 120,000
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Description: Provides an exemption for equipment and supplies used to publish advertising type newspapers that are sold or given away to the public, as long as the paper contains at least 10% editorial comment and advertising revenue is the publisher’s primary source of income. History: This exemption was originally enacted in 1979 as 63-3622(x). The only amendment in 1987 to this exemption was to add aircraft to exclusions from the exemption.

Lodging, Eating, and Drinking Places <i>Idaho Code 63-3612</i>	\$ 60,000	\$ 36,000
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Description: Allows these industries an exemption for nondepreciable goods that are consumed by customers, such as guest hand soap provided in a motel room. History: Enacted in 1988.

Drivers Education Automobiles <i>Idaho Code 63-3622R(d)</i>	\$ 38,400	\$ 30,000
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Description: Exempts the value of motor vehicles that are temporarily donated to drivers education programs. History: Enacted in 1995.

Incidental Sales of Tangible Personal Property <i>Idaho Code 63-3609</i>	\$ 12,000	\$ -0-
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Description: Exempts goods sold incidentally when selling real property, such as a stove and refrigerator included with a home. History: Enacted in 1985.

Donations of Real Property to Idaho Government <i>Idaho Code 63-3621(l)</i>	\$ 3,600	\$ -0-
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Description: Allows an exemption from use tax for goods that are donated to either the State of Idaho or to a nonprofit listed in 63-3622O, where the goods are incorporated into real property. History: Enacted in 1991.

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Common Carrier Purchases and Out-of-State Sales *Idaho Code 63-3622Q, 63-3622P*

\$ -0- (original) \$ -0-

Description: Exempts goods delivered to buyers outside Idaho (63-3622Q) and in-state purchases by common carriers for use outside Idaho if transported out of Idaho under a bill of lading (63-3622P). History: **Originally enacted as 63-3622(p) and 63-3622(o) in 1965.**

Total of items in miscellaneous category on spreadsheet

\$ 729,600 \$ 636,000

Total Specific Uses Not Taxed

\$208,915,200 **\$132,456,000**

Goods Not Taxed-

Motor Fuels *Idaho Code 63-3622C*

\$ 60,372,000 (original) \$ 60,000,000

Description: Exempts motor fuels subject to motor fuels tax; exempts off-road fuels loaded in Idaho and used outside Idaho. History: **Originally enacted in 1965** as 63-3622(c). Exempted on road use of motor fuels; amended in 1986 to exempt locomotive fuels unless loaded and burned off in Idaho.

Utility Sales *Idaho Code 63-3622F*

\$ 57,153,600 (original) \$ 56,400,000

Description: Exempts sales of natural gas, electricity, and water delivered to consumers by means of wires, pipes, mains, or similar systems. History: **Originally enacted in 1965** as 63-3622(f).

Prescriptions and Durable Medical Equipment

Idaho Code 63-3622N

\$ 18,634,800 \$ 16,200,000

Description: Exempts most prescription medical items. History: This exemption was originally enacted as 63-3622(q) in 1967 to exempt prescription drugs. It was amended in 1971 to add prescription oxygen and amended in 1976 to add prosthetics, limbs, wheelchairs, hearing aides, and crutches. It was amended in 1990 to add durable medical equipment, and numerous other prescription items. Amended in 1992 to clarify that dentures and other orthodontic appliances are taxable when purchased by the practitioner. Amended in 1998 to reverse the 1992 amendment, and provide that dental prostheses and other orthodontic appliances, except fillings, are exempt.

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<u>Description</u> (Continued)	<u>DFM Estimated**</u> <u>Amount – FY 2004</u>	<u>STC Estimate</u> <u>of 1st Yr Proceeds</u> <u>if Taxed</u>
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Heating Materials Idaho Code 63-3622G	\$ 2,914,800 (original)	\$ 2,760,000
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Description: Exempts wood, coal, gas, and petroleum products used as a source of heat for either industrial or domestic purposes. History: **Originally enacted in 1965** as 63-3622(g).

Used Mobile Homes Idaho Code 63-3622R	\$ 2,760,000 (original)	\$ 1,800,000
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Description: Exempts the sale of used manufactured homes from the sales tax. History: **Original 63-3622(q)** amended in 1976 to exempt used manufactured homes.

New Manufactured Homes or Modular Buildings Idaho Code 63-3613(c)	\$ 1,928,400 (original)	\$ 1,920,000
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Description: Excludes 45% of the sales price of new manufactured homes and modular buildings from the taxable sales price. History: **Originally exempted 60% of the sales price of mobile homes when enacted in 1965.** It was amended in 1976 to exempt 45% and add modular buildings (which were previously treated as real property improvements and taxed on materials as built).

Funeral Caskets Idaho Code 63-3622U	\$ 1,066,800	\$ 960,000
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Description: Exempts goods sold in conjunction with a funeral. History: Originally enacted in 1977 as 63-3622(y).

Precious Metal Bullion Idaho Code 63-3622V	\$ 558,000	\$ 480,000
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Description: Exempts sales of precious metal bullion and coins. History: Originally enacted in 1982 as 63-3622(z).

Telecommunications Equipment Idaho Code 63-3613(b), 63-3621(a)	\$ 795,600	\$ 721,200
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Description: Exempts from taxation the amount of discount or price reduction that is offered as an inducement to commence or continue telecommunications service. History: Enacted in 1996.

Nonprofit Literature Idaho Code 63-3622I	\$ 114,000 (original)	\$ 108,000
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Description: Exempts literature published and sold by 501(c)(3) nonprofit organizations. History: **Originally enacted in 1965** as 63-3622(j), exempting only religious literature. Amended in 1989 to include literature of all 501(c)(3) nonprofit organizations in response to the U.S. Supreme Court ruling in *Texas Monthly vs. Bullock*. Amended in 1999 to include alternative forms, including audio-visual, magnetic, optical, and other machine-readable media.

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<u>Description</u> (Continued)	<u>DFM Estimated**</u> <u>Amount – FY 2004</u>	<u>STC Estimate</u> <u>of 1st Yr Proceeds</u> <u>if Taxed</u>
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Official Documents <i>Idaho Code 63-3622AA</i>	\$ 56,400	\$ 54,000
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Description: Exempts sales of documents when the fee for the document is set by *Idaho Code*.
History: Originally enacted in 1984.

Containers <i>Idaho Code 63-3622E</i>	\$ 27,600 (original)	\$ 16,800
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Description: Exempts containers that are part of goods for sale, including returnable containers.
History: **Originally enacted in 1965** as 63-3622(e).

Vending Machines and Amusement Devices <i>Idaho Code 63-3622II</i>	\$ -0-	\$ -0-
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Description: Exempts coin-operated machines that vend a taxable product or service.
History: Enacted in 1990.

Total of items in miscellaneous category on spreadsheet	<u>\$ 993,600</u>	<u>\$ 900,000</u>
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Total Goods Not Taxed	\$146,382,000	\$141,420,000
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Services Not Taxed –

Health and Medical Services	\$246,848,400 (original)	\$228,000,000
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Description: Doctors, dentists, hospitals, and nursing home services are the principal elements of this category. NAICS major groups 621 through 623 are in this category. **History: Exempt since enactment of the sales tax in 1965.**

Professional Services	\$166,659,600 (original)	\$ 84,000,000
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Description: Legal, accounting, engineering, architectural, consulting, scientific research, and advertising services fall within this category. NAICS major group 541 is included in this category. **History: Exempt since enactment of the sales tax in 1965.**

Construction <i>Idaho Code 63-3609</i>	\$118,837,200 (original)	\$ 60,000,000
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Description: Sales tax is paid on the cost of materials that are used in construction projects, but the labor component is generally not taxed. Mobile and manufactured homes are taxed on 55% of the sales price [*Idaho Code 63-3613(c)*] in order to give them equivalent treatment. NAICS major groups 233, 234, and 235 are included in this category.

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<u>Description</u> (Continued)	<u>DFM Estimated**</u> <u>Amount – FY 2004</u>	<u>STC Estimate</u> <u>of 1st Yr Proceeds</u> <u>if Taxed</u>
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History: The original language of the sales tax defined a "sale" as any transaction involving the exchange of tangible personal property for a consideration (*Idaho Code* 63-3612). In the section of the Sales Tax Act defining a retail sale it is stated that "all persons engaged in constructing, altering, repairing or improving real estate are consumers of the material used by them; all sales to or used by such persons of tangible personal property are taxable whether or not such persons intend resale of the improved property (*Idaho Code* 63-3609)."

Business Services \$ 67,671,600 (original) \$ 33,600,000

Description: Office services, employment services, building services, employment agencies, facility services, and security agencies are some of the major elements of this category. NAICS major groups 561 and 562 are in this category. History: **Exempt since enactment of the sales tax in 1965.**

Information Services \$ 50,047,200 (original) \$ 48,000,000

Description: Subscriptions or charges for one-way and two-way transmissions of signals containing information (sound, images, data, etc.) and information services (internet providers, etc.) are not taxed. This exemption consists mostly of local and long-distance telephone service and cable television. NAICS major group 513 and 514 are included in this category. History: **Communications have been exempt since the enactment of the sales tax in 1965.**

Repairs *Idaho Code* 63-3613(b)4 \$ 45,146,400 (original) \$ 36,000,000

Description: The labor charges associated with repairing or installing tangible personal property are generally not taxable as long as they are separately stated on the bill. NAICS major group 811 is included in this category. History: **Exempt since enactment of the sales tax in 1965.**

Social Services \$ 38,476,800 (original) \$ 19,200,000

Description: Adult and child day care, residential care, and adoption services are some of the principal elements of this category. NAICS major group 624 is this category. History: **Exempt since enactment of the sales tax in 1965.**

Transportation Services
Idaho Code 63-3613(b)7 \$ 19,380,000 (original) \$ 9,600,000

Description: Most charges for transportation of freight and passengers are exempt from the sales tax (*Idaho Code* 63-3613(b)7). Exceptions (i.e., taxable transportation charges) include transportation of manufactured homes by the dealer (*Idaho Code* 63-3613(b)7), the cost of transportation prior to the sale (*Idaho Code* 63-3613(a)3), and receipts from intrastate

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<u>Description</u> (Continued)	DFM Estimated** Amount – FY 2004	STC Estimate of 1 st Yr Proceeds if Taxed
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transportation of passengers or freight by air charter [*Idaho Code 63-3612(j)*]. NAICS major groups 481 through 492 are included in this category.

History: **Transportation services have generally been exempt since the enactment of sales tax in 1965.** The exclusion for transportation of manufactured homes was added in 1986. Air charter transportation of freight and passengers was made taxable in 1988.

Educational Services \$ 17,184,000 (original) \$ 9,000,000

Description: Elementary and secondary schools, colleges and universities, libraries, vocational schools, driving instruction, flight schools, and modeling schools are among the establishments covered by this category. NAICS major group 611 is this category. History: **Exempt since enactment of the sales tax in 1965.**

Personal Services \$ 10,953,600 (original) \$ 6,000,000

Description: Laundry and dry cleaning, barbers and beauticians, shoe repair, funeral services, massage parlors, and escort services are among the elements of the personal services major group. NAICS major group 812 is this category. History: **Exempt since enactment of the sales tax in 1965.**

Lottery Tickets and Pari-Mutuel Betting
Idaho Code 67-7439 \$ 8,144,400 \$ 6,000,000

Description: Exempts the sale and purchase of lottery tickets and pari-mutuel betting from the sales tax. Also exempts from sales tax any equipment used in lottery operations. History: Enacted in 1988.

Agricultural and Industrial Services \$ 1,639,200 (original) \$ 1,080,000

Description: This category of services includes agricultural soil preparation, planting, cultivating, and harvesting; farm management; forestry service; and mining services. NAICS major groups 115 and 213 are included in this category. History: **Originally excluded from definition of sales tax base.**

Miscellaneous Services \$ 1,870,800 (original) \$ 204,000

Description: This includes all personal service industries not classified elsewhere. Includes pet care, photo finishing, and parking lots and garages. NAICS major group 8129 is in this category. History: **Exempt since enactment of the sales tax in 1965.**

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<u>Description</u> (Continued)	<u>DFM Estimated**</u> <u>Amount – FY 2004</u>	<u>STC Estimate</u> <u>of 1st Yr Proceeds</u> <u>if Taxed</u>
Media Measurement Services <i>Idaho Code 63-3622LL</i>	\$ 55,200	\$ 36,000
<u>Description:</u> Exempts the sale and purchase of any television, radio, newspaper, or other media measurement service. History: <u>Enacted in 1997.</u>		
Total of items in miscellaneous category on spreadsheet	<u>\$ 1,926,000</u>	<u>\$ 240,000</u>
Total Services Not Taxed	\$792,914,400	\$540,720,000

Specific Entities Not Taxed –

State of Idaho and Local Government Purchases <i>Idaho Code 63-3622O(1)(f)</i>	\$ 23,652,000	\$ 23,400,000
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Description: Exempts Idaho governmental agencies from paying sales tax on purchases. History: Enacted in 1997; exemption was done by Tax Commission regulation from enactment of the sales tax to 1997.

Hospital Purchases <i>Idaho Code 63-3622O(1)(a)</i>	\$ 16,732,800	\$ 16,200,000
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Description: Exempts all purchases by nonprofit hospitals that are licensed by the state for the care of ill persons. Excludes from exemption nursing homes or "similar institutions." History: Originally enacted as 63-3622(s) in 1967.

Educational Institution Purchases <i>Idaho Code 63-3622O(1)(a) and 33-5204</i>	\$ 6,325,200	\$ 6,000,000
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Description: Exempts all purchases by nonprofit colleges, universities, primary and secondary schools. Excludes from exemption schools that primarily teach business, dancing, gymnastics, dramatics, music, cosmetology, writing, exercise, and "other special accomplishments."
History: This was originally enacted as 63-3622(s) in 1967 and amended in 1990 to add non-resident schools with Idaho facilities. It was amended in 1993 to add all non-resident schools not otherwise excluded. 33-5204 was added in 1999 to explicitly add charter schools to this exemption.

INEEL R&D Purchases <i>Idaho Code 63-3622BB</i>	\$ 4,149,600	\$ 3,600,000
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Description: Exempts goods used for research and development at the Idaho National Engineering and Environmental Laboratory (INEEL). History: It was originally enacted in 1967

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Description (Continued)	DFM Estimated** Amount – FY 2004	STC Estimate of 1 st Yr Proceeds if Taxed
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and exempted all federal research and development and nuclear fuel reprocessing under 63-3615. It was amended in 1969 to limit to INEEL only. It was recodified in 1985 as 63-3622BB and removed nuclear fuel reprocessing from the exemption.

Sales by Indian Tribes on Reservations

<i>Idaho Code 63-3622Z</i>	\$ 3,831,600	\$ 120,000
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Description: Exempts sales by Indian Tribal Enterprises from sales and use tax. This exemption allows a tribal enterprise to make sales to both Indians and non-Indians without collecting sales tax. Further, it provides that no use tax applies to the purchase even if the non-Indian removes the goods from the reservation.

History: Originally enacted as 63-3622(aa) in 1984; exempted sales of tangible personal property by tribes within reservation boundaries; amended in 1987 to include sales of services and to define reservation.

Sales by Non-Retailers (Yard and Occasional Sales)

<i>Idaho Code 63-3622K(b)(1,6); 63-3622H</i>	\$ 2,421,600 (original)	\$ -0-
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Description: Exempts sales of items by individuals who are not retailers and who are not behaving as a retailer. Covers transactions such as occasional yard sales, occasional classified ad sales, etc. Motor vehicle sales are specifically excluded from this exemption. History: **Originally enacted as 63-3622(j, l) in 1965.**

Sales Through Vending Machines

<i>Idaho Code 63-3613(e)</i>	\$ 1,906,800	\$ 900,000
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Description: Allows retailers selling products through vending machines for \$1.00 or less to pay tax on 117% of their acquisition cost of the products rather than on the retail sales price.

History: Enacted in 1977.

Motor Vehicle Purchases by Family Members

<i>Idaho Code 63-3622K(c)</i>	\$ 1,754,400	\$ 1,200,000
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Description: Exempts sales of motor vehicles between family members related within the second degree of consanguinity. History: Section 63-3612A was amended in 1980 to add the sale of motor vehicles to family members. It was repealed and moved to 63-3622K in 1988.

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(Continued)

Canal Company Purchases

Idaho Code 63-3622O(1)(a)

\$ 865,200

\$ 720,000

Description: Exempts all purchases by canal companies. Canal companies are defined as nonprofit corporations whose sole purpose is operating and maintaining dams, reservoirs, canals, lateral and drainage ditches, pumps, and pumping plants. History: Originally enacted in 1967 as 63-3622(s).

Incidental Sales of Churches

Idaho Code 63-3622KK

\$ 606,000

\$ 60,000

Description: Exempts sales by churches that do not regularly compete with private enterprise. History: Enacted in 1990.

Auto Manufacturer Rebates

Idaho Code 63-3613(b)8

\$ 578,400

\$ -0-

Description: Allows dealers to deduct the amount of a rebate given to the buyer, by the motor vehicle manufacturer, from the taxable sales price of the vehicle. History: Enacted in 1990.

Health Entity Purchases

Idaho Code 63-3622O(1)(a)

\$ 297,600

\$ 120,000

Description: Exempts all purchases by certain specified "health related entities." The list consists of: the Idaho Cystic Fibrosis Foundation, Idaho Epilepsy League, Idaho Lung Association, March of Dimes, American Cancer Society, Mental Health Association, The ARC, The Children's Home Society of Idaho, American Heart Association, Idaho Ronald McDonald House, United Cerebral Palsy, Arthritis Foundation, Muscular Dystrophy Foundation, National Multiple Sclerosis Society, Rocky Mountain Kidney Association, American Diabetes Association, Easter Seals, Idaho Community Action Agencies, Idaho Primary Care Association and its community health care centers, the Idaho Diabetes Youth Program, the Idaho Women's and Children's Alliance, and Special Olympics Idaho. It also includes the local or regional chapters or divisions of these entities. History: Amended in 1980 to add first list of health related entities. Amended in 1986, 1990, 1999 and 2000 to expand the list.

Food Bank Purchases

Idaho Code 63-3622O(1)(b, c)

\$ 212,400

\$ 120,000

Description: Exempts all purchases by food banks or soup kitchens. Includes the Idaho Food Bank Warehouse, Inc. by specific reference, and also includes any other nonprofit corporation or association "one of whose" primary purposes is the furnishing of food or food products to others without charge. History: Enacted in 1991. Amended in 1998 to add "growing" to the list of activities that qualify for this exemption.

**Source: General Fund Revenue Book; FY 2004; Prepared by DFM; dated January 2003.
No adjustments for price elasticity.

<u>Description</u>	<u>DFM Estimated**</u> <u>Amount – FY 2004</u>	<u>STC Estimate</u> <u>of 1st Yr Proceeds</u> <u>if Taxed</u>
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(Continued)

Forest Protective Association Purchases

Idaho Code 63-3622O(1)(a)

\$ 38,400

\$ 30,000

Description: Exempts all purchases by forest protective associations. Forest protective associations are associations that detect, prevent, and suppress forest or range fires. They include only those associations that contract with the State of Idaho pursuant to Chapter 1, Title 38, *Idaho Code*. History: Enacted in 1979.

Sales by 4-H and FFA Clubs at Fairs

Idaho Code 63-3622K(b)7

\$ 27,600

\$ -0-

Description: Exempts sales of animals by any 4-H club or FFA club held in conjunction with a fair or the Western Idaho Spring Lamb Sale. History: Enacted in 1979 by amending 63-3612A. Moved to 63-3622K in 1988.

Sales by Outfitters and Guides

Idaho Code 63-3613(b)9

\$ 15,600

\$ 12,000

Description: Allows outfitters to exclude from the taxable amount charged to their customers the federal fees imposed on outfitters for the right to use recreational sites. History: Enacted in 1990. Amended in 1994 to eliminate the provision that the federal fees must be for the purpose of managing the land or water upon which the outfitting occurs.

Sales of Meals by Churches to Members

Idaho Code 63-3622J

\$ 9,600 (original)

\$ -0-

Description: Exempts meals sold at church functions to members of the congregation. History: **Originally enacted as 63-3622(k) in 1965.**

Centers for Independent Living

Idaho Code 63-3622O(1)(e)

\$ 4,800

\$ 3,000

Description: Exempts sales to or purchases by centers for independent living. Centers for independent living are defined as private, non-profit, non-residential organizations where at least 51% of the governing board are individuals with disabilities. History: Enacted in 1997.

Nonsale Clothier Purchases

Idaho Code 63-3622O(1)(d)

\$ 1,200

\$ -0-

Description: Exempts donations or sales of clothes to nonsale clothiers. Nonsale clothiers are defined as any nonprofit corporation or association "one of whose" primary purposes is the furnishing of clothes to others without charge. History: Enacted in 1992.

**Source: General Fund Revenue Book; FY 2004; Prepared by DFM; dated January 2003.
No adjustments for price elasticity.

<u>Description</u>	<u>DFM Estimated**</u> <u>Amount – FY 2004</u>	<u>STC Estimate</u> <u>of 1st Yr Proceeds</u> <u>if Taxed</u>
Ronald McDonald House Rooms		
<i>Idaho Code 63-3622O(5)</i>	\$ 1,200	\$ 900
<u>Description:</u> This exempts the renting of a place to sleep by the Ronald McDonald House. <u>History:</u> <u>Enacted in 1997.</u>		
Federal Excise Tax Imposed at Retail Level		
<i>Idaho Code 63-3613(b)5</i>	\$ (original)	\$ -0-
<u>Description:</u> Excludes retail level federal excise taxes from the taxable sales price. <u>History:</u> Originally enacted in 1965.		
Federal Constitutional Prohibitions		
<i>Idaho Code 63-3622A</i>	\$ (original)	\$ -0-
<u>Description:</u> State cannot tax goods when prohibited by the U.S. Constitution. <u>History:</u> Originally enacted in 1965 as 63-3622(a).		
Other Federal and State Statutory Prohibitions		
	\$	\$ -0-
<u>Description:</u> Exemptions granted from state sales tax by other state statutes and by federal statutes, such as the American Red Cross, Amtrak, Credit Unions, Emergency 911, Federal Intermediate Credit Banks, Federal Land Banks, Foreign Diplomats, Idaho Health Facility Authority, Idaho Housing Authority, Idaho Life and Health Insurance Guaranty Association, Idaho Onion Commission, Idaho Potato Commission, Idaho Turnpike Authority, Idaho Wheat Commission, Jr. College Dormitory Housing Authority, Production Credit Association, and Regional Airport Authority. <u>History:</u> Varies by statute.		
Total of items in miscellaneous category on spreadsheet	<u>\$ 8,740,800</u>	<u>\$ 3,165,900</u>
Total Specific Entities Not Taxed	\$63,432,000	\$ 52,485,900
Grand total of all categories	\$ 1,211,643,600	\$867,081,900

**Source: General Fund Revenue Book; FY 2004; Prepared by DFM; dated January 2003.
No adjustments for price elasticity.