

Summary of Sales Tax Exemptions  
Last Updated April 8, 2015

Category	Applicable Statute	Description	GFRB Section	Year Enacted	Year(s) of Significant Amendments	Est. Impact, FY 2016 (\$ in Thousands)*	Est. Impact, FY 2017 (\$ in Thousands)*
Production Exemption	63-3622D	Exempts the purchase of equipment and supplies primarily and directly used in the production of goods for resale. To qualify for the exemption, a business or separately operated segment of a business must be primarily devoted to the production of goods for resale. This exemption includes farming and mining activities. Amended in 1987 to include custom farmers. Amended in 1990 when the logging portion of the exemption was moved to its own statute, 63-3622JJ. Amended in 1991 to include equipment used to fabricate or install production equipment. Amended in 2006 to include equipment used to manufacture heating materials. Amended in 2008 to include equipment used to process certain materials for the production of energy. Amended in 2015 to include hand tools costing less than \$100.	2.1.01 & 2.1.02	1965	1987, 1990, 1991, 2006, 2008, 2015	\$162,233	\$174,461
Out-of-State Contracts	63-3622B	Exempts the sale of materials installed by contractors into real property in a nontaxing state. Amended in 1993 to remove the residency requirement for the contractor.	2.1.10	1965	1993	\$4,751	\$5,110
Trade-In Value	63-3613(b)(2)	Excludes from the taxable sales price any amounts allowed for merchandise traded in on the purchase of other goods.	2.1.11	1965	n/a	\$34,400	\$36,570

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Sale or Lease of Businesses or Business Assets	63-3622K(b)(2-5)	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 a change in the form of business ownership. Amended in 1990 to add related business transfers and sales. Amended in 1996 to add leases of assets among family-owned businesses.	2.1.12	1965	1990, 1996	\$2,255	\$2,425
Sales of Motor Vehicles to Nonresidents	63-3622R(a)	Exempts vehicles under 26,000 pounds and trailers purchased in Idaho by a nonresident for use outside of Idaho.	2.1.14	1965	n/a	\$19,214	\$20,426
Purchases by a Common Carrier to Use Out of State	63-3622P	Exempts sales of goods to common carriers for use out of state when the goods are shipped out of state by the seller via the purchasing carrier.	2.1.15	1965	n/a	n/a	n/a
Out-of-State Shipments	63-3622Q	Exempts sales of goods delivered out of state for use outside this state.	2.1.15	1965	n/a	n/a	n/a
School Lunches & Senior Citizen Meals	63-3622J	Exempts federal meal programs for school-aged youth and senior citizens. The provision for senior citizens was added in 1974.	2.1.19	1965	1974	\$5,133	\$5,294
Motor Fuels Subject to Fuels Tax	63-3622C	Exempts the sale of motor fuel subject to the motor fuels tax. Amended in 1987 to include fuel used by locomotives unless loaded and burned off in Idaho.	2.2.01	1965	1987	\$169,143	\$173,281
Heating Materials	63-3622G	Exempts all products burned to heat a building or for any domestic purpose.	2.2.02	1965	When did the domestic home use language get added?	\$5,492	\$5,674
Utilities	63-3622F	Exempts the sale of natural gas, electricity, and water when delivered to customers by pipe, wires, mains, or similar systems.	2.2.03	1965	n/a	\$105,074	\$108,226

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Containers	63-3622E	Exempts the purchase of containers that will be packaged with contents for resale including returnable containers. Also exempts the sale of containers when the contents are exempt from sales tax.	2.2.08	1965	n/a	\$43	\$44
Literature Published & Sold by Nonprofit Organizations	63-3622I	Exempts literature published and sold by 501(c)(3) nonprofit organizations. Originally only applied to religious literature, but expanded in 1989 to include all nonprofit organizations.	2.2.09	1965	1989	\$141	\$143
New Manufactured Homes or Modular Buildings	63-3613(c)	Excludes 45% of the sales price of new manufactured homes and modular buildings from tax. Originally excluded 60% of the sales price before the 1976 amendment.	2.2.13	1965	1976	\$2,517	\$2,597
Construction of Real Property	63-3609 & 63-3612	The sale of real property is excluded from the definition of a sale subject to sales tax (Idaho Code 63-3612) and, therefore, any construction labor would be excluded from the sales tax. In addition, a contractor is considered to be the consumer of all materials used in the construction or repair of real estate and owes tax on his purchase of those materials (Idaho Code 63-3609). If the contractor marks up the cost of those materials in reselling the real estate, the additional charge is also excluded from the sales tax.	2.3.01	1965	n/a	\$145,792	\$154,626
Agricultural and Industrial Services	63-3612	This category of services is excluded from the definition of a sale subject to sales tax. It includes agricultural soil preparation, planting, cultivating, and harvesting; farm management; forestry service; and mining services.	2.3.02	1965	n/a	\$8,263	\$8,478

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Transportation Services	63-3613(b)(7)	Most charges for transportation of freight and passengers are excluded from the definition of the sales prices subject to sales tax. Exceptions (i.e. taxable transportation charges) include transportation of manufactured homes by the dealer (as of a 1986 amendment) and the cost of transporting goods prior to their sale. The definition of a sale subject to sales tax (Idaho Code § 63-3612(i)) currently includes intrastate flights of freight and passengers; however, federal law prohibits taxation of such flights, so they are not taxed in practice.	2.3.03	1965	1986	\$44,731	\$47,094
Information Services	63-3612	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 excluded from the definition of a sale subject to sales tax.	2.3.04	1965	n/a	\$82,306	\$83,550
Repair & Installation Labor	63-3613(b)(4)	The labor charges associated with repairing or installing tangible personal property are generally excluded from the definition of the sales price subject to tax as long as the charges are separately stated on the bill.	2.3.05	1965	n/a	\$46,001	\$48,222
Professional Services	63-3612	This category of services is excluded from the definition of a sale subject to sales tax. It includes legal, accounting, engineering, architectural, consulting, scientific research, and advertising services.	2.3.06	1965	n/a	\$252,225	\$264,402

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Business Services	63-3612	This category of services is excluded from the definition of a sale subject to sales tax. It includes office services, employment services, building services, employment agencies, facility services, and security agencies.	2.3.07	1965	n/a	\$126,999	\$133,131
Personal Services	63-3612	This category of services is excluded from the definition of a sale subject to sales tax. It includes laundry and dry cleaning, barbers and beauticians, shoe repair, funeral services, massage parlors, and escort services.	2.3.08	1965	n/a	\$11,004	\$11,536
Health and Medical Services	63-3612	This category of services is excluded from the definition of a sale subject to sales tax. It includes doctors, dentists, hospitals, and nursing home services.	2.3.09	1965	n/a	\$493,502	\$521,069
Social Services	63-3612	This category of services is excluded from the definition of a sale subject to sales tax. It includes adult and child day care, residential care, and adoption services.	2.3.10	1965	n/a	\$78,190	\$82,558
Educational Services	63-3612	This category of services is excluded from the definition of a sale subject to sales tax. It includes private elementary and secondary schools, colleges and universities, libraries, vocational schools, driving instruction, flight schools, and modeling schools.	2.3.11	1965	n/a	\$46,950	\$49,217
Lottery Tickets and Pari-Mutuel Betting	63-3612 & 67-7439	Betting services are likely excluded from the definition of a sale subject to sales tax (Idaho Code § 63-3612). In addition, the sale of lottery tickets was specifically exempted by law when the lottery was enacted in 1988 (Idaho Code § 67-7439).	2.3.12	1965	1988	\$11,819	\$12,267

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Miscellaneous Services	63-3612	This category of services is excluded from the definition of a sale subject to sales tax. It includes all personal service industries not classified elsewhere such as pet care, barber shops, and parking lots and garages.	2.3.14	1965	n/a	\$3,065	\$3,213
Gratuities for Meals	63-3612 & 63-3613(f)	All voluntary gratuities are excluded from the definition of a sale subject to sales tax (Idaho Code § 63-3612). As of a statutory amendment in 2011, mandatory gratuities <i>for meals only</i> are also excluded from the definition of the sales price subject to sales tax (Idaho Code § 63-3613(f)).	2.3.16	1965	2011	\$223	\$232
Occasional Sales by Nonretailers (Including Yard Sales)	63-3622K(b)(1,6,8)	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. The exemption only applies if the individual makes two or less sales in a 12-month period. Motor vehicle sales are specifically excluded from this exemption.	2.4.14	1965	n/a	\$3,885	\$4,068
Sales of Meals by Churches to Members	63-3622J	Exempts meals sold by churches to its members at church functions.	2.4.16	1965	n/a	\$15	\$15
Federal Excise Tax Imposed at Retail Level	63-3613(b)(5)	Excludes retail level federal excise taxes from the taxable sales price.	2.4.21	1965	n/a	n/a	n/a
Constitutionally Prohibited Taxes	63-3622A	Exempts transactions and uses on which the state is prohibited from imposing a tax by the US Constitution.	2.4.22	1965	n/a	n/a	n/a
<b>Total Impact of Exemptions Enacted in Original 1965 Sales Tax Act:</b>						<b>\$1,865,366</b>	<b>\$1,957,929</b>

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Prescriptions	63-3622N	Exempts most prescription medical items. Originally enacted to exempt prescription drugs. Amended in 1971 to add prescription oxygen and again in 1976 to add prosthetics, limbs, wheelchairs, hearing aids, and crutches. Amended in 1990 to add durable medical equipment and numerous other prescription items. Amended in 1998 to exempt dental prostheses and other orthodontic appliances. Amended in 2008 to include qualified items prescribed by physician assistants. Amended in 2015 to exempt prescription eyeglasses and contacts.	2.2.06	1967	1971, 1976, 1990, 1998, 2008, 2015	\$59,983	\$64,964
Educational Institution Purchases	63-3622O(1)(a)	Exempts all purchases by nonprofit colleges, universities, and primary and secondary schools. Excludes from the exemption schools that teach a limited curriculum such as a cosmetology or music school.	2.4.01	1967	n/a	\$10,830	\$11,143
Hospital Purchases	63-3622O(1)(a)	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."	2.4.02	1967	n/a	\$29,680	\$31,338
Canal Company Purchases	63-3622O(1)(a)	Exempts all purchases by canal companies, specifically defined as nonprofit corporations whose sole purpose is operating and maintaining dams, reservoirs, canals, lateral and drainage ditches, pumps, and pumping plants.	2.4.04	1967	n/a	\$1,063	\$1,080
Irrigation Equipment & Supplies	63-3622W	Exempts agricultural irrigation equipment and supplies whether attached to real property and even when purchased by a contractor for an agricultural irrigation project.	2.1.03	1975	n/a	\$4,327	\$4,435

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Radio & Television Broadcasting Equipment & Supplies	63-3622S	Exempts equipment and supplies used to produce and broadcast radio and television programs. Excludes property used in a manner incidental to production or broadcast such as maintenance or janitorial supplies.	2.1.05	1975	n/a	\$2,851	\$3,066
Used Manufactured Homes	63-3622R(b)	Exempts sales of used manufactured homes.	2.2.04	1976	n/a	\$2,760	\$2,760
Pollution Control Equipment	63-3622X	Exempts equipment required by regulatory agencies for air or water pollution control. Amended in 2007 to include materials even if they become a component of real property.	2.1.04	1977	2007	\$11,903	\$13,016
Funeral Service Supplies	63-3622U	Exempts supplies relating to a funeral when purchased by a licensed funeral establishment.	2.2.07	1977	n/a	\$1,576	\$1,623
Equipment to Produce Certain Newspapers	63-3622T	Exempts 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. Excludes property used in a manner incidental to production of the newspaper such as maintenance or janitorial supplies.	2.1.06	1979	n/a	\$183	\$197
Forest Protective Association Purchases	63-3622O(1)(a)	Exempts all purchases by forest protective associations under special contract with the state of Idaho to detect, prevent, and suppress forest or range fires.	2.4.05	1979	n/a	\$47	\$47
Sales by 4-H and FFA Clubs at Fairs	63-3622K(b)7	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.	2.4.13	1979	n/a	\$28	\$28

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Health Entity Purchases	63-3622O(1)(a)	Exempts all purchases by specified "health-related entities" such as the The ARC. Amended several times over the years to add entities to the list.	2.4.03	1980	Various	\$472	\$495
Motor Vehicle Sales Between Family Members	63-3622K(c)	Exempts sales of motor vehicles between family members related within the second degree of consanguinity.	2.4.12	1980	n/a	\$2,255	\$2,397
Precious Metal Bullion	63-3622V	Exempts sales of precious metal bullion and coins.	2.2.11	1982	n/a	\$558	\$558
Official Documents	63-3622AA	Exempts sales of documents when the fee for the document is set by Idaho Code.	2.2.10	1984	n/a	\$70	\$71
Sales by Indian Tribes on Reservations	63-3622Z	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 if a non-Indian removes the goods from the reservation	2.4.15	1984	n/a	\$5,893	\$6,135
Incidental Sales of Tangible Personal Property	63-3609	Excludes goods sold incidentally when selling real property, such as a stove and refrigerator included with a home.	2.1.17	1985	n/a	\$12	\$12
Research & Development at the INL	63-3622BB	Exempts goods used for research and development at the Idaho National Laboratory (INL).	2.4.11	1985	n/a	\$5,681	\$6,204
Railroad Rolling Stock and Remanufacturing	63-3622CC & 63-3622DD	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.	2.1.08	1986	n/a	\$2,550	\$2,550
Food Purchased Using SNAP or WIC Benefits	63-3622EE & 63-3622FF	Exempts food purchased with SNAP or WIC benefits	2.1.13	1987	n/a	\$23,947	\$24,873

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Aircraft	63-3622GG	Exempts aircraft purchased for commercial transport of passengers or freight. Amended in 1994 to include sales to nonresidents for use outside of Idaho. Amended in 2012 to includes sales of repair parts installed on aircraft owned by nonresidents.	2.1.07	1988	1994, 2012	\$2,054	Sunset
Lodging, Eating, and Drinking Places	63-3612(2)(b) & (g)	Excludes from the definition of a sale subject to tax any nondepreciable goods that are consumed by customers, such as guest hand soap provided in a motel room.	2.1.18	1988	n/a	\$92	\$95
Production Exemption Does Not Apply to Sales of Certain Recreational Vehicles Trucks Used in Interstate Commerce	63-3622HH  63-3622R(c)	Excludes sales of certain recreational vehicles, such as snowmobiles or motorcycles, from the production exemption (63-3622D). Exempts trucks weighing over 26,000 pounds and trailers that are used in interstate commerce. The truck must be registered as part of a fleet under the International Registration Plan and the trailer must be used in such a fleet. The use of the truck and trailer will continue to be exempt from use tax as long as 10% of the fleet's miles are outside Idaho during each calendar year.	n/a 2.1.09	1988 1989	1989, 2008 n/a	n/a \$8,058	n/a \$8,566
Logging Exemption	63-3622JJ	Exempts the purchase of equipment and supplies primarily and directly used in logging. Unlike the production exemption, logging does not have to be the primary activity of the business to qualify for the exemption.	2.1.01 & 2.1.02	1990	n/a	Impact Included in Production Exemption	Impact Included in Production Exemption
Money-Operated Dispensing Equipment	63-3622II	Exempts coin-operated machines that vend a taxable product or service.	2.2.05	1990	2005	\$0	\$0

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Sales by Outfitters and Guides	63-3613(b)(9)	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.	2.4.17	1990	n/a	\$16	\$16
Auto Manufacturer Rebates	63-3613(e)	Allows dealers to exclude the amount of a rebate given to the buyer, by the motor vehicle manufacturer, from the taxable sales price of the vehicle.	2.4.19	1990	n/a	\$744	\$791
Incidental Sales by Churches	63-3622KK	Exempts sales by churches that do not regularly compete with private enterprise.	2.4.20	1990	n/a	\$973	\$1,019
Donations of Real Property to Idaho Government	63-3621(m)	Excludes from use tax donations of goods to either the State of Idaho or to a nonprofit organization listed in 63-3622O, when the goods will be incorporated into real property.	2.1.16	1991	n/a	\$4	\$4
Food Bank Purchases	63-3622O(1)(b) & (c)	Exempts purchases by food banks or soup kitchens of food and tangible personal property used in the preparation and service of food. The Idaho Food Bank is specifically cited and the exemption is expanded in its case to include all purchases.	2.4.06	1991	n/a	\$338	\$354
Nonsale Clothier Purchases	63-3622O(1)(d)	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.	2.4.07	1992	n/a	\$1	\$1
Drivers Education Automobiles	63-3622R(e)	Exempts motor vehicles that are temporarily donated to driver's education programs.	2.1.20	1995	n/a	\$40	\$40
Ski Lifts & Snowgrooming Equipment	63-3622Y	Exempts the lifts, snow groomers, and snowmaking equipment used by the owner of a ski area.	2.1.21	1995	n/a	\$600	\$600

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Telecommunications Equipment	63-3613(b)(10) & 63-3621(a)	Excludes from taxation the amount of discount or price reduction that is offered as an inducement to commence or continue telecommunications service.	2.2.14	1996	n/a	\$2,495	\$2,745
Media Measurement Services	63-3622LL	Exempts the sale and purchase of any television, radio, newspaper, or other media measurement service.	2.3.13	1997	n/a	\$74	\$77
Centers for Independent Living Purchases	63-3622O(1)(e)	Exempts sales to or purchases by centers for independent living specifically defined as private, nonprofit, nonresidential organizations where at least 51% of the governing boards are individuals with disabilities.	2.4.08	1997	n/a	\$6	\$6
State of Idaho & Local Government Purchases	63-3622O(1)(f)	Exempts Idaho governmental agencies from paying sales tax on purchases. Prior to its enactment, the exemption was granted by Administrative Rule.	2.4.09	1997	n/a	\$31,488	\$31,970
Ronald McDonald House Rooms	63-3622O(5)	Exempts the rental of a place to sleep by the Ronald McDonald House.	2.4.10	1997	n/a	\$1	\$1
Clean Rooms	63-3622NN	Exempts any tangible personal property that is used in or becomes a part of a clean room used to manufacture semiconductors.	2.1.22	1999	n/a	\$480	\$480
Volunteer Fire Departments and Emergency Medical Service Agencies	63-3622O(1)(g)	Exempts purchases by volunteer fire departments and medical service agencies.	2.4.24	2002	n/a	\$219	\$229
Senior Citizens Centers	63-3622O(1)(h)	Exempts purchases by senior citizen centers.	2.4.25	2002	n/a	\$52	\$55
Livestock Sold at Livestock Markets	63-3622MM	Exempts the sale of livestock sold at a public livestock market.	n/a	2002	n/a	n/a	
Idaho Commemorative Silver Medallions	63-3622PP	Exempts the sale of Idaho commemorative silver medallions.	2.2.12	2003	n/a	\$2	\$2
Blind Services Foundation, Inc.	63-3622O(1)(i)	Exempts purchases by Blind Services Foundation, Inc.	2.4.26	2004	n/a	\$9	\$9
Research & Development	63-3622RR	Exempts tangible personal property used in research and development activities.	2.1.24	2005	n/a	\$7,200	\$7,200

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Small Employer Headquarters Construction	63-4408	This rebate is contingent on a taxpayer qualifying under the "Idaho Small Employer Incentive Act of 2005." It provides a sales and use tax rebate for 25% of sales and use taxes paid on property constructed, located, or installed in the "project site" (as specified in 63-4402) from January 1, 2006 through December 31, 2020. General qualification criteria are specified in 63-4402, and can be summed up as making an investment of at least \$500,000 in new facilities and adding at least ten new jobs paying at least \$19.23 per hour. The average wage for each additional job above the initial ten must be at least \$15.50 per hour.	2.1.26	2005	n/a	\$115	\$115
Glider Kit Vehicles	63-3622R(d)	Exempts glider kit vehicles, most basically a vehicle without an engine (formally defined in Idaho Code 49-123(f)).	2.1.27	2006	n/a	\$354	\$376
Media Production Project Tax Rebate	63-3622TT	<b>SUNSETS ON JULY 1, 2016.</b> Rebates sales tax paid on certain media projects produced in Idaho.	2.1.28	2006	n/a	\$77	\$0
Nonprofit Shooting Range Fees	63-3622SS	Exempts fees and memberships of nonprofit shooting and hunting organizations.	2.3.15	2006	n/a	\$41	\$43
Advocates for Survivors of Domestic Violence and Sexual Assault	63-3622O(1)(j)	Exempts purchases by and donations to Advocates for Survivors of Domestic Violence and Sexual Assault.	2.4.27	2006	n/a	\$11	\$12
Free Dental Clinics	63-3622O(1)(k)	Exempts purchases by dental clinics providing free dental services to children.	2.4.28	2006	n/a	\$13	\$13
Museums	63-3622O(1)(l)	Exempts purchases by and admissions to nonprofit museums.	2.4.29	2006	n/a	\$239	\$250

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Sales Tax Rebate for Highway Improvements Connected to a Retail Complex (AKA State Tax Anticipation Revenue or STARS Program)	63-3641	Rebate of sales tax paid to developer for costs of building or improving qualified freeway exchanges. In order to qualify, the developer must spend at least \$4 million on a retail commercial complex and at least \$6 million on a freeway interchange or interchange improvements. The maximum any developer could be reimbursed for a given freeway project is \$35 million	2.1.29	2007	n/a	\$5,800	\$6,000
Personal Property Tax on Rentals	63-3622UU	Exempts from taxation the amount of property tax included in a rent payment for tangible personal property. To be eligible the property must initially be leased for at least a year.	2.2.15	2008	n/a	\$400	\$400
Motor Vehicles of Nonresident Students	63-3621(k)	Excludes from the imposition of the use tax a full-time, nonresident post-secondary student's vehicle.	2.1.30	2011	n/a	\$26	\$26
Personal Property of Military Personnel	63-3621(l)	Excludes from the imposition of the use tax personal items, including vehicles, brought into the state by military personnel temporarily assigned to Idaho and their spouses.	2.1.31	2011	n/a	n/a	n/a
Beverage and Food Samples	63-3621(n)	Exemption for the giveaway of free food and beverage samples.	2.1.32	2012	n/a	\$16	\$17
Beverage and Food Donations	63-3621(o)	Exemption for the donation of food or beverage to an individual or nonprofit organization.	2.1.33	2013	n/a	\$10	\$10
Remotely-Accessed Computer software	63-3616(b)	Excludes from tax software that is delivered by means other than physical storage media. The exclusion was expanded in 2014 to include software delivered by download or the load and leave method.	2.2.16	2013	2014	\$6,813	\$7,160
<b>Total Impact of Exemptions Enacted SINCE Original 1965 Sales Tax Act:</b>						<b>\$235,530</b>	<b>\$245,674</b>

\*Impact Figures from the 2016 General Fund Revenue Book published by the Idaho Division of Financial Management