

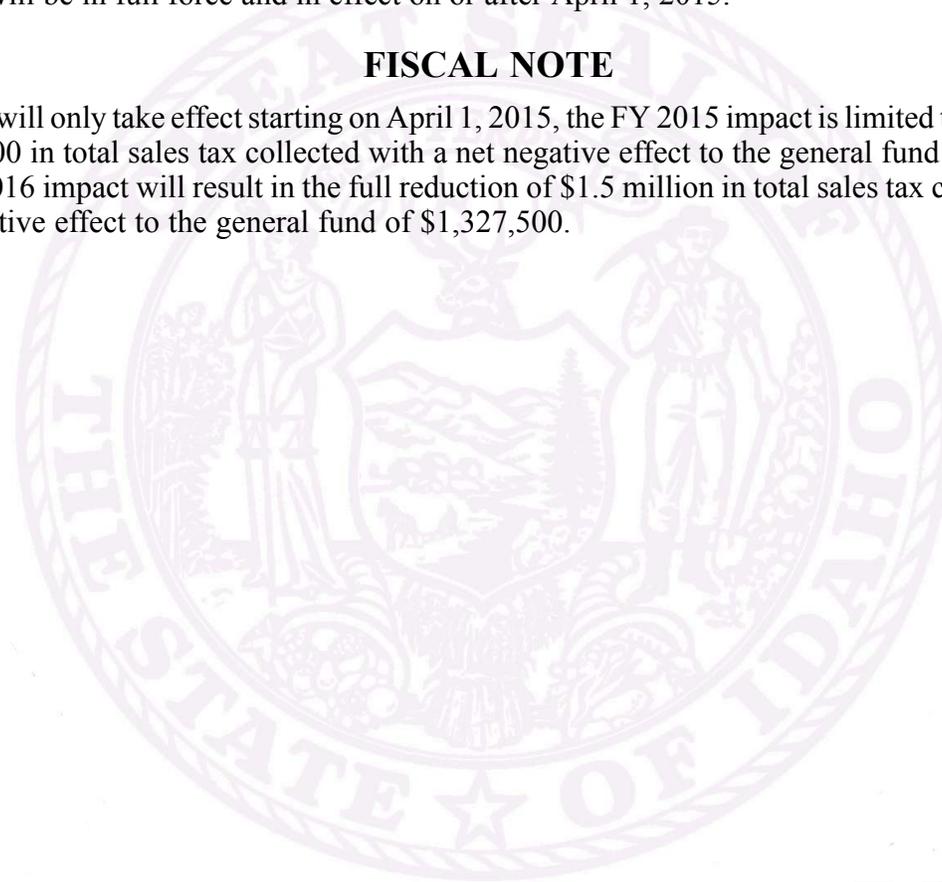
STATEMENT OF PURPOSE

RS23710

The purpose of this legislation is to amend Section 63-3616, Idaho Code, to revise the definition of "Tangible Personal Property" to clarify that the purchaser of digital music, digital books, digital videos, or digital games must be granted a "permanent right to use" in order to be subject to the Idaho Sales and Use Tax, regardless of the method of delivery. It clarifies that if the right to use digital music, digital books, digital videos or digital games is conditioned upon continued payment from the purchaser, then it is a subscription to a service and is not a "permanent right to use," and is therefore not subject to the Idaho Sales and Use Tax. It also removes the definition of "digital videos" in an effort to further clarify that broadcast television services, through both cable and satellite methods as well as traditional forms, is not subject to the Idaho Sales and Use Tax. The proposal will be in full force and in effect on or after April 1, 2015.

FISCAL NOTE

Since this will only take effect starting on April 1, 2015, the FY 2015 impact is limited to a reduction of \$375,000 in total sales tax collected with a net negative effect to the general fund of \$331,875. The FY 2016 impact will result in the full reduction of \$1.5 million in total sales tax collected with a net negative effect to the general fund of \$1,327,500.



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