

March 4, 2015

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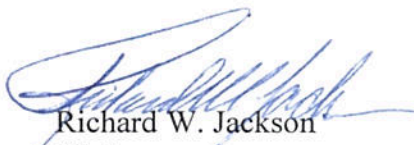
Dear Ron and Jason,

The Tax Commission does not set tax policy or declare legislative intent. That authority, of course, lies with the legislature. Consequently, this letter is only intended to explain the Tax Commission's understanding of H 209 as it would apply to certain transactions beginning on April 1, 2015. This letter affirms that the video products and services currently offered by your clients will not be subject to Idaho sales and use tax under H 209.

More specifically, the "permanent right of use" language in H 209, coupled with the "conditioned upon continued payment" language, ensures that the cable and satellite video products and services currently offered will not be taxable under H 209. In addition, the "continued payment" language in H 209 includes the subscription-based nature of your video business models and the ongoing relationship cable and satellite companies have with their respective customers. Of course, in the event that video products and services with a "permanent right of use" are sold by cable and satellite providers, these transactions will be taxable like they would be if sold by any another retailer.

Thank you for this opportunity to clarify these issues and to state more clearly the Commission's understanding of H 209's impact on cable and satellite providers in Idaho.

Regards,



Richard W. Jackson  
Chairman

mjc/vjd

cc: The Honorable Gary E. Collins, Chairman, House Revenue & Taxation Committee