

IDAHO
State Tax CommissionPO Box 36 • Boise ID 83722-0410
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March 4, 2015

Ronald L. Williams
Idaho Cable Telecommunications Association
c/o Williams Bradbury, P.C.
1015 W. Hays St.
Boise, ID 83702Jason Kreizenbeck
Satellite Broadcasting & Communications Association
c/o Lobby Idaho, LLC
134 S. 5th St.
Boise, ID 83702


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



March 12, 2015

Chairman Jeff Siddoway
Senate Local Government & Taxation Committee

Re: H209

The Idaho Cable Telecommunications Association (ICTA) concurs with the statements of Richard Jackson, chairman of the Idaho Tax Commission, when he affirms the following:

- Video products and services that are currently offered by cable companies will not be subject to Idaho sales and use tax, under H 209.
- Cable delivered video services, which are subscription based services, are not a “permanent right to use” such videos and therefore not subject to Idaho’s sales and use tax.

It is because of these clarifications that cable companies agree that the language on lines 31 through 33 of H209 could be stricken; i.e., that “cable broadcasts: are not considered taxable “digital videos.”

In effect, prior to H 209, cable delivered products and services were not subject to the Idaho sales and use tax, and that status quo is continued under H 209.

Thank you.

Sincerely,

/s/ *Ron Williams*

Ronald L. Williams
Executive Director, ICTA