

State of Idaho Governor's General Fund Revenue Book FY 2013

- Economic Forecast
- Revenue Projection
- Tax Structure



C.L. "Butch" Otter
Governor

Prepared by the

DFM Idaho Division of
Financial Management
Executive Office of the Governor



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State of Idaho
C.L. "Butch" Otter, Governor

General Fund Revenue Book

FY 2013 Executive Budget
January 2012

- Economic Forecast
- Revenue Projections
- Tax Structure

Prepared by the Idaho Division of Financial Management

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INTRODUCTION

The basis for most of the revenue projections made in this book is the *Idaho Economic Forecast* published by the Idaho Division of Financial Management (DFM), which in turn is based on the Idaho Economic Model (IEM)¹. Each major revenue category (personal income tax, sales tax, and corporate income tax) is specified as a function of relevant explanatory variables.

Although the revenue model is specified in precise quantitative terms, two levels of uncertainty exist. The first of these uncertainties is associated with the statistical process itself and hence may be reduced to probabilities and confidence intervals. The other is related to the uncertainties associated with unknown future events. Weather effects on agriculture are a classic example. A forecast of agricultural production must either assume average weather or project some specific future weather condition. The forecast is contingent upon that assumed weather pattern actually occurring. Some other weather pattern will result in a different outcome for both farmers and the myriad of entities dependent upon the fortunes of farmers.

The contingent nature of an agricultural model demonstrates the uncertainty associated with any model containing exogenous variables. Both sources of forecast error are present in any model that is dependent on explanatory variables. Since most of Idaho's revenue sectors depend heavily on Idaho income levels, the revenue forecast is particularly sensitive to those factors that influence Idaho's income.

The major foundation of the IEM is economic base theory. Idaho's economy can be divided into "basic" and "domestic" activities (also known as "export" and "residential"). The basic activities, such as agriculture, forestry, mining, manufacturing, tourism, and exported services are characterized by a major dependence on external forces; while domestic activities like construction, trade, local services, and public utilities are characterized by a dependence on influences from within Idaho. The idea is that basic activities form the foundation of Idaho's level of economic activity, while domestic activities essentially follow from basic activities. While not a perfect theory, economic base theory does serve as a useful means of identifying the driving forces behind Idaho's overall level of economic activity.

¹ The IEM is in turn based on the IHS Global Insight Quarterly Model of the U.S. Economy. Descriptions of both are available in the current *Idaho Economic Forecast*, Idaho Division of Financial Management.

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Idaho Economic Forecast

The following tables and text are taken from the

January 2012 Idaho Economic Forecast,

a publication produced by the

Idaho Division of Financial Management.

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EXECUTIVE SUMMARY

In January 2011 we predicted, "...after suffering a weak year in 2010, the economy should take small steps to recovery in 2011." The economy did improve, but its steps were smaller than we anticipated. For example, we expected nonfarm employment to expand 1.0% in 2011. It grew an estimated 0.2%. As a result, there were 4,600 fewer jobs in 2011 than had been previously forecasted. Wage and salary payments grew an estimated 2.3% in 2011, which is lower than the 3.9% pace predicted a year ago. Given last year's performance, it should come as no surprise that the direction of our forecast remains the same, but its pace has been reduced. In January 2011 we predicted nonfarm employment would expand 2.7% in 2012, 2.8% in 2013, and 2.6% in 2014. In the current forecast the number of jobs grow 1.6% this year, 2.5% in 2013, and 2.6% in 2014. As a result of its lower starting point in 2011 and slower growth in the remaining years of the forecast, there are 13,400 fewer jobs in 2014 in the current forecast than in the previous one. The nongoods-producing category is expected to be the state's largest job generator over the next few years. It is forecast to expand 2.2% this year, 3.3% next year, 2.9% in 2014, and 3.1% in 2015. The nongoods-producing sector is forecast to add over 51,500 jobs, which is more than 85% of the anticipated total nonfarm job gain for the state. The goods-producing category consists of manufacturing, mining, and construction. Its employment is expected to remain virtually unchanged in 2012 from the previous year, as job gains in mining employment are offset by expected construction job losses. Specifically, goods-producing employment is projected to fall 0.4% in 2012, increase 1.6% in 2013, grow 4.6% in 2014, and rise 3.4% in 2015. Government employment in Idaho should be relatively flat through 2015. Idaho state and local government employment should hover near 105,000 jobs over most of the forecast period. Federal government employment is forecast to gradually shrink from 12,600 jobs in 2011 to 12,400 jobs in 2015. Idaho nominal personal income is projected to grow 3.1% in 2012, 3.8% in 2013, and 5.4% in both 2014 and 2015. Inflation-adjusted personal income should advance 1.8% this year, 2.2% next year, 3.5% in 2014, and 3.3% in 2015.

The evidence from the U.S. economy continues to point to positive, albeit slow growth. Third quarter 2011 showed a modest acceleration in growth as business and consumer spending defied the shock waves from the domestic debt-ceiling crisis and the Eurozone sovereign debt crisis. Third-quarter GDP growth at 2.5% showed a clear improvement over the second quarter, with business fixed investment rising at a strong 16.3% annualized pace. Despite miserable sentiment readings, consumer spending growth accelerated to 2.4%, from just 0.7% in the second quarter. The bad news in the third-quarter data was that real personal disposable income fell 1.7%, its biggest drop in two years. Consumer spending only accelerated because the savings rate dropped by a full percentage point. National economic growth is projected to accelerate after this year, but the expansion will remain muted. Employment will also recover gradually, adding jobs slowly through 2013 then growing about 2.0% in both 2014 and 2015. At this pace, nonfarm employment is not expected to summit its 2007 peak until 2015. In addition, the unemployment rate will take even longer to recover. It is forecast to decline from 9.2% this year to 9.0% next year, drop to 8.2% in 2014, and decline to 7.4% in 2015. Despite these declines, the unemployment rate remains well above the level consistent with full employment (around 4.8%) over the forecast period.

**IDAHO ECONOMIC FORECAST
EXECUTIVE SUMMARY
JANUARY 2012**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
U.S. GDP (BILLIONS)											
Current \$	12,623	13,377	14,029	14,292	13,939	14,527	15,097	15,554	16,129	16,974	17,865
% Ch	6.5%	6.0%	4.9%	1.9%	-2.5%	4.2%	3.9%	3.0%	3.7%	5.2%	5.2%
2005 Chain-Weighted	12,623	12,958	13,206	13,162	12,703	13,088	13,318	13,537	13,871	14,362	14,837
% Ch	3.1%	2.7%	1.9%	-0.3%	-3.5%	3.0%	1.8%	1.6%	2.5%	3.5%	3.3%
PERSONAL INCOME - CURR \$											
Idaho (Millions)	42,197	46,253	49,077	50,798	48,236	50,265	52,646	54,264	56,337	59,405	62,590
% Ch	6.7%	9.6%	6.1%	3.5%	-5.0%	4.2%	4.7%	3.1%	3.8%	5.4%	5.4%
Idaho Nonfarm (Millions)	41,022	45,163	47,514	48,995	46,939	48,661	50,723	52,714	54,924	57,984	61,154
% Ch	7.4%	10.1%	5.2%	3.1%	-4.2%	3.7%	4.2%	3.9%	4.2%	5.6%	5.5%
U.S. (Billions)	10,486	11,268	11,912	12,460	11,930	12,374	12,989	13,394	13,870	14,595	15,372
% Ch	5.5%	7.5%	5.7%	4.6%	-4.3%	3.7%	5.0%	3.1%	3.6%	5.2%	5.3%
PERSONAL INCOME - 2005 \$											
Idaho (Millions)	42,192	45,024	46,517	46,631	44,188	45,236	46,254	47,082	48,137	49,812	51,468
% Ch	3.6%	6.7%	3.3%	0.2%	-5.2%	2.4%	2.3%	1.8%	2.2%	3.5%	3.3%
Idaho Nonfarm (Millions)	41,017	43,963	45,036	44,974	42,999	43,793	44,564	45,736	46,929	48,620	50,287
% Ch	4.3%	7.2%	2.4%	-0.1%	-4.4%	1.8%	1.8%	2.6%	2.6%	3.6%	3.4%
U.S. (Billions)	10,485	10,969	11,291	11,438	10,929	11,136	11,412	11,621	11,851	12,238	12,641
% Ch	2.5%	4.6%	2.9%	1.3%	-4.4%	1.9%	2.5%	1.8%	2.0%	3.3%	3.3%
HOUSING STARTS											
Idaho	23,416	19,554	14,366	7,979	5,673	5,215	4,494	5,882	8,561	11,437	12,316
% Ch	25.3%	-16.5%	-26.5%	-44.5%	-28.9%	-8.1%	-13.8%	30.9%	45.5%	33.6%	7.7%
U.S. (Millions)	2,073	1,812	1,342	0,900	0,554	0,585	0,597	0,665	0,951	1,342	1,620
% Ch	6.3%	-12.6%	-25.9%	-32.9%	-38.4%	5.6%	2.0%	11.4%	43.0%	41.1%	20.8%
TOTAL NONFARM EMPLOYMENT											
Idaho	611,682	638,838	656,223	648,885	609,988	602,622	603,867	613,771	628,817	645,430	662,170
% Ch	4.0%	4.4%	2.7%	-1.1%	-6.0%	-1.2%	0.2%	1.6%	2.5%	2.6%	2.6%
U.S. (Thousands)	133,694	136,092	137,587	136,778	130,789	129,822	131,070	132,205	134,037	136,774	139,613
% Ch	1.7%	1.8%	1.1%	-0.6%	-4.4%	-0.7%	1.0%	0.9%	1.4%	2.0%	2.1%
SELECTED INTEREST RATES											
Federal Funds	3.2%	5.0%	5.0%	1.9%	0.2%	0.2%	0.1%	0.1%	0.1%	1.2%	3.3%
Bank Prime	6.2%	8.0%	8.1%	5.1%	3.3%	3.3%	3.3%	3.3%	3.3%	4.2%	6.3%
Existing Home Mortgage	5.9%	6.6%	6.5%	6.2%	5.1%	4.9%	4.6%	4.3%	4.6%	5.3%	6.2%
INFLATION											
GDP Price Deflator	3.3%	3.2%	2.9%	2.2%	1.1%	1.2%	2.1%	1.4%	1.2%	1.6%	1.9%
Personal Cons Deflator	3.0%	2.7%	2.7%	3.3%	0.2%	1.8%	2.4%	1.3%	1.5%	1.9%	2.0%
Consumer Price Index	3.4%	3.2%	2.9%	3.8%	-0.3%	1.6%	3.2%	1.5%	1.7%	2.0%	2.1%

**National Variables Forecast by IHS GLOBAL INSIGHT
Forecast Begins the THIRD Quarter of 2011**

IDAHO ECONOMIC FORECAST
EXECUTIVE SUMMARY
JANUARY 2012

	2011				2012				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
U.S. GDP (BILLIONS)												
Current \$	14,868	15,013	15,199	15,309	15,427	15,501	15,587	15,699	15,857	16,032	16,216	16,413
% Ch	3.1%	4.0%	5.0%	2.9%	3.1%	1.9%	2.3%	2.9%	4.1%	4.5%	4.7%	5.0%
2005 Chain-Weighted	13,228	13,272	13,353	13,420	13,468	13,504	13,554	13,623	13,706	13,813	13,924	14,042
% Ch	0.4%	1.3%	2.5%	2.0%	1.4%	1.1%	1.5%	2.1%	2.5%	3.1%	3.3%	3.4%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	52,307	52,844	52,506	52,927	53,573	54,006	54,474	55,003	55,393	56,048	56,647	57,260
% Ch	7.6%	4.2%	-2.5%	3.2%	5.0%	3.3%	3.5%	3.9%	2.9%	4.8%	4.3%	4.4%
Idaho Nonfarm (Millions)	50,114	50,704	50,775	51,300	51,910	52,433	52,990	53,522	53,951	54,610	55,240	55,896
% Ch	5.0%	4.8%	0.6%	4.2%	4.8%	4.1%	4.3%	4.1%	3.2%	5.0%	4.7%	4.8%
U.S. (Billions)	12,847	12,993	13,022	13,094	13,230	13,340	13,448	13,560	13,654	13,796	13,940	14,090
% Ch	8.8%	4.6%	0.9%	2.2%	4.2%	3.4%	3.3%	3.4%	2.8%	4.2%	4.2%	4.4%
PERSONAL INCOME - 2005 \$												
Idaho (Millions)	46,393	46,491	45,924	46,209	46,669	46,940	47,197	47,521	47,640	47,996	48,300	48,611
% Ch	3.5%	0.8%	-4.8%	2.5%	4.0%	2.3%	2.2%	2.8%	1.0%	3.0%	2.6%	2.6%
Idaho Nonfarm (Millions)	44,448	44,608	44,411	44,788	45,221	45,572	45,911	46,242	46,400	46,764	47,100	47,454
% Ch	1.1%	1.4%	-1.8%	3.4%	3.9%	3.1%	3.0%	2.9%	1.4%	3.2%	2.9%	3.0%
U.S. (Billions)	11,394	11,431	11,390	11,432	11,525	11,594	11,651	11,715	11,743	11,814	11,886	11,962
% Ch	4.8%	1.3%	-1.4%	1.5%	3.3%	2.4%	2.0%	2.2%	0.9%	2.5%	2.4%	2.6%
HOUSING STARTS												
Idaho	3,971	4,139	4,884	4,982	5,426	5,665	5,901	6,537	7,282	8,073	8,957	9,933
% Ch	-58.2%	18.1%	93.8%	8.2%	40.8%	18.8%	17.7%	50.7%	53.9%	51.1%	51.5%	51.3%
U.S. (Millions)	0.582	0.572	0.615	0.618	0.622	0.643	0.680	0.716	0.792	0.901	1.008	1.102
% Ch	36.6%	-6.7%	33.3%	1.7%	3.0%	13.8%	25.3%	22.6%	50.4%	67.2%	56.6%	42.6%
TOTAL NONFARM EMPLOYMENT												
Idaho	603,373	603,514	602,415	606,165	608,998	612,091	615,309	618,685	622,506	626,708	630,970	635,084
% Ch	0.0%	0.1%	-0.7%	2.5%	1.9%	2.0%	2.1%	2.2%	2.5%	2.7%	2.7%	2.6%
U.S. (Thousands)	130,549	131,016	131,246	131,470	131,707	132,035	132,391	132,686	133,138	133,714	134,327	134,968
% Ch	1.3%	1.4%	0.7%	0.7%	0.7%	1.0%	1.1%	0.9%	1.4%	1.7%	1.8%	1.9%
SELECTED INTEREST RATES												
Federal Funds	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Bank Prime	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%
Existing Home Mortgage	4.9%	4.9%	4.6%	4.2%	4.0%	4.2%	4.4%	4.4%	4.5%	4.5%	4.6%	4.8%
INFLATION												
GDP Price Deflator	2.5%	2.5%	2.5%	1.0%	1.7%	0.8%	0.8%	0.8%	1.6%	1.3%	1.3%	1.5%
Personal Cons Deflator	3.9%	3.3%	2.4%	0.7%	0.9%	0.9%	1.3%	1.1%	1.8%	1.7%	1.7%	1.7%
Consumer Price Index	5.2%	4.1%	3.1%	1.1%	0.9%	0.9%	1.4%	1.2%	2.1%	1.9%	1.9%	1.9%

National Variables Forecast by IHS GLOBAL INSIGHT
Forecast Begins the THIRD Quarter of 2011

NATIONAL FORECAST DESCRIPTION

The Forecast Period is the Third Quarter of 2011 through the Fourth Quarter of 2015

The evidence from the U.S. economy continues to point to positive, albeit slow growth. Third quarter 2011 showed a modest acceleration in growth as business and consumer spending defied the shock waves from the domestic debt-ceiling crisis and the Eurozone sovereign debt crisis. The outlook remains for modest growth, but risks remain to the downside without a convincing resolution of the Eurozone crisis.

Third-quarter GDP growth at 2.5% showed a clear improvement over the second quarter, with business fixed investment rising at a strong 16.3% annualized pace. Despite miserable sentiment readings, consumer spending growth accelerated to 2.4%, from just 0.7% in the second quarter. And economy-wide spending growth outpaced production, so that inventories deducted 1.1 percentage points from GDP growth. The bad news in the third-quarter data was that real personal disposable income fell 1.7%, its biggest drop in two years. Consumer spending only accelerated because the savings rate dropped by a full percentage point. That is not a solid foundation for growth. Real GDP should advance 2.0% in the fourth quarter of 2011.

However, once inventories are replenished, real GDP growth will slip below 2.0% at the start of 2012 and remain there through most of the year. On an annual basis, it should expand 1.6%, which is slightly lower than 2011's 1.8% pace. Almost all sectors will contribute to 2012's 1.6% increase. Consumption, the largest part of the U.S. economy, will also account for the largest piece of its growth—1.5% of the expected 1.6%. Boosted by its equipment and software category, business investment should add another 0.7% to total growth. Net exports contribution to real output growth is expected to be negligible. Not all sectors will contribute to growth. The government sector, which is weighed down by expected cuts at both the federal and state and local levels, is anticipated to shave 0.5% from 2012 real GDP growth.

National economic growth is projected to accelerate after this year, but the expansion will remain muted. For example, real GDP growth jumps from 1.6% in 2012 to 2.5% in 2013. It speeds up to 3.5% in 2014 and nearly maintains that pace in 2015. At these rates, the economy makes up some of the ground lost during the Great Recession, but not all of it. It is estimated that if the economy had been expanding at its potential rate, real GDP would have been \$15.0 trillion in 2012. It is expected to be just \$13.5 trillion, or \$1.5 trillion below its potential. Real GDP is predicted to climb to \$14.8 trillion in 2015, which is still \$1.2 trillion under its potential.

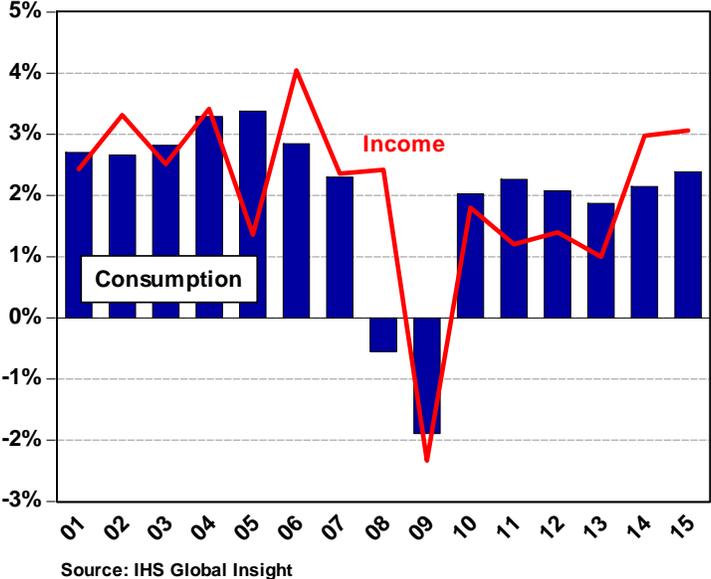
Employment will also recover slowly. Nonfarm employment posted its first gain in four years in 2011. It is expected to add jobs gradually through 2013 then grow by about 2.0% in both 2014 and 2015. At this pace, nonfarm employment is not expected to summit its 2007 peak until 2015. In addition, the unemployment rate will take even longer to recover. It is forecast to decline from 9.2% this year to 9.0% next year, drop to 8.2% in 2014, and decline to 7.4% in 2015. Despite these declines, the unemployment rate remains well above the level consistent with full employment (around 4.8%) over the forecast period.

It should be noted that while the forecast calls for modest growth, the risk of a downturn is high. IHS Global Insight estimates the probability of the economy slipping into a recession over the forecast period at 40%. In the *Pessimistic Scenario*, real GDP declines 0.5% in 2012, rises just 1.0% in 2013, expands 3.1% in 2014, and increases 2.7% in 2015. The details of this scenario can be found in the Alternative Scenario section of this forecast.

SELECTED NATIONAL ECONOMIC INDICATORS

Consumer Spending: Consumer spending has been doing better than consumers’ moods would suggest. The recent economic news has been mixed. The University of Michigan’s index of consumer sentiment for mid-November increased 3.3 points to reach 64.2. However, consumer confidence as measured by both the Conference Board and Reuters/University of Michigan is still at recessionary levels. Despite these low confidence levels, retail sales have chugged along, although people are saving less and spending on necessities, and not desires. Pent-up demand is helping spending, but consumers face too many negatives to allow a robust spending recovery. The list of factors is familiar: a weak labor market, high debt burdens, still-falling house prices, price

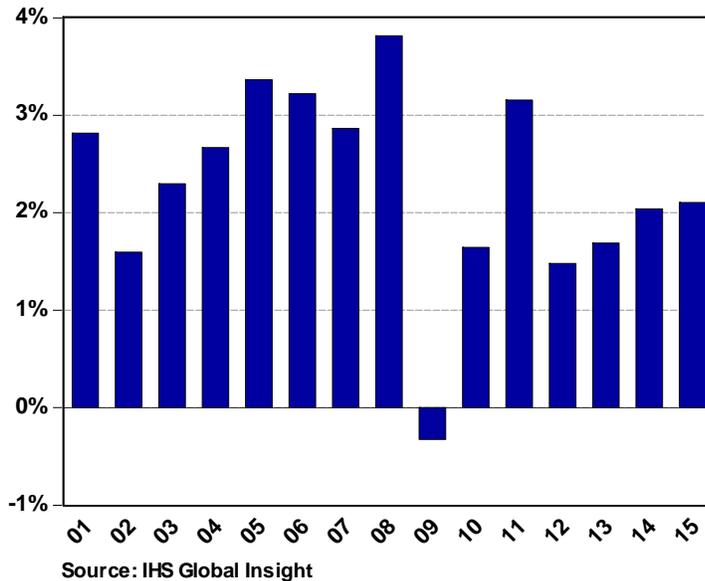
U.S. Real Consumption and Disposable Income Growth



increases that have outpaced wage growth, and a lack of confidence in the government’s ability to make things better. The May–October payroll figures were weak, and the unemployment rate stood at 9.0% in October. Personal income increased 0.1% in September, after falling 0.1% in August. Wage and salary disbursements increased 0.3%, but interest income and government social benefits (mostly Medicaid) have taken major hits in recent months. Real disposable income fell three months in a row, and the savings rate retreated from 4.1% in August to 3.6% in September—the savings rate currently stands at the lowest rate since December 2007. Given the list of negative factors, consumers are expected to spend more within their means over the forecast period. Real consumer spending growth is forecast to hover near 2.0% through 2014, and then nudge up to 2.4% in 2015. Real disposable income is forecast to rise 1.4% this year, 1.0% next year, and about 3.0% in both 2014 and 2015.

Inflation: Consumer inflation should be lower over the forecast period than it was in 2011. Bolstered by high energy and food prices, consumer prices grew by over 4.0% in the first half of last year. Energy prices surged at nearly a 40% annual pace in the first quarter and climbed nearly 15.0% in the following quarter. Contributing to this increase was soaring gasoline prices that were 20% higher at the beginning of 2011 than they were at the start of 2010. This price jump reflected rising oil prices. The West Texas Intermediate Spot Price (WTI) rose from \$78.62 per barrel in the first quarter of 2010

Consumer Price Inflation

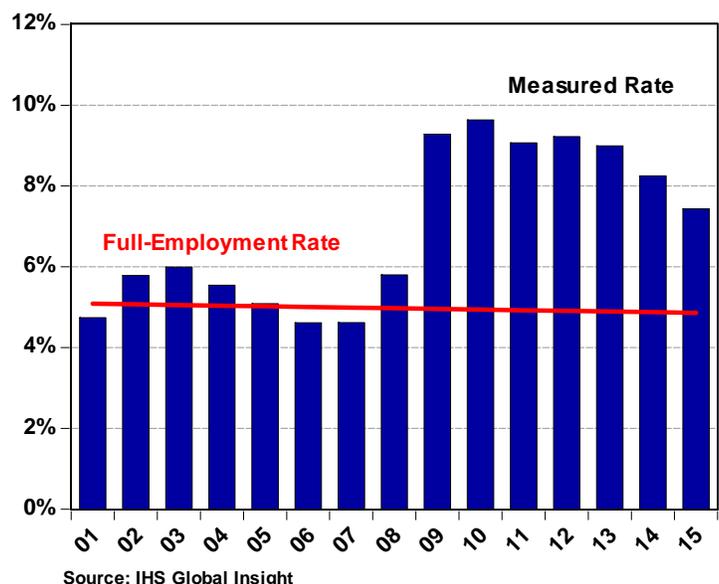


to \$93.52 per barrel in the first quarter of 2011. It topped \$100 per barrel in the second quarter of 2011 for the first time since the summer of 2008. Fears of a return to a summer of high prices were allayed as oil prices began easing in the second half of the year. Gasoline prices also began easing this summer, but were still higher than they were in 2010. Energy prices are estimated to have grown 15.2% in 2011. Food prices rose more gradually than energy prices last year. Instead of experiencing an early runup and gradual easing like energy prices, food prices grew at about a 5.0% clip during most of the year. Both food and energy prices are expected to be better behaved over the next few years. Removing the energy

and food components from the inflation basket of goods and services result in the less volatile core inflation rate. It is primarily driven by labor costs. Given the nation's employment market will tighten gradually over the forecast period, labor costs are anticipated to slowly accelerate from 2.1% this year to 2.8% in 2015. These increases are largely fueled by benefit costs, which are boosted by health insurance gains. Overall, consumer inflation, which topped 3.0% in 2011, should remain near 2.0% over the next few years.

Employment: The most recent employment statistics have been the most positive in months. However, a closer look reveals the situation is not as rosy as it may have seemed during the first glance. The U.S. Department of Labor estimated the nation's unemployment rate fell from 9.0% in October 2011 to 8.6% in November 2011. Not only was this month's 0.4-percentage point drop the largest in nearly a year, the unemployment rate is the lowest it has been since March 2009. However, half of the decline in the unemployment rate is due to the reduction in the labor force. The rate is 8.8% when it is adjusted for the shrinking labor force, which is about where it was in March 2011. And the fact that the labor force is shrinking does not bode well for the economy because it suggests more workers are becoming discouraged and dropping out of the labor force. The economy did take a step in the right direction when it added

U.S. Civilian Unemployment Rate

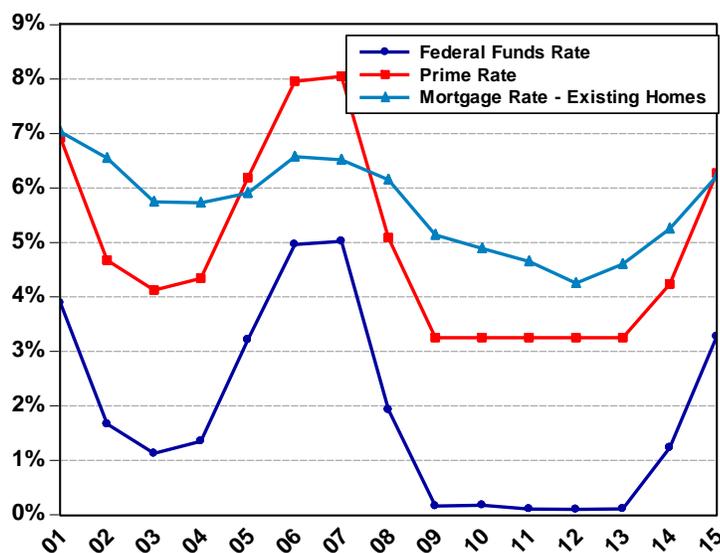


120,000 jobs, but the steps need to be larger to lower the unemployment rate significantly. For example, the unemployment rate would not change significantly over the next twelve months even if the economy generated an additional 120,000 jobs per month. It would need to add twice as many jobs per month to drop the unemployment rate by one percentage point by November 2012. Nonfarm employment is forecast to grow 0.9% in 2012, 1.4% in 2013, and about 2.0% in both 2014 and 2015. At this pace, the unemployment rate slowly falls to 7.4% in 2015, which, as the chart shows, is still well above the rate consistent with full employment.

Monetary Policy: There was little excitement in the Federal Open Market Committee’s November 2 statement, with no new policy announcements or hints at future policy announcements. The key points made by the Federal Reserve: (1) It noted that growth had strengthened somewhat in the third quarter, partly as temporary factors reversed, and expected a “moderate pace” of growth ahead. (2) It noted that inflation appears to have moderated as energy and other commodity prices have eased, and emphasized that longer-term inflation expectations have remained stable. (3) It repeated that there are “significant downside risks” to the outlook, including from global financial market strains. (4) It reiterated that it will continue its “twist” operation extending the average maturity of its security holdings. (5) It reiterated that the federal funds rate is likely to remain “exceptionally low” until at least mid-2013. Chairman Bernanke indicated that quantitative easing via

purchases of mortgage-backed securities, to try to lower mortgage rates, was a viable option. The Federal Reserve has embarked upon a \$400-billion “twist” operation aiming to drive down long-term bond yields, and we assume that it will introduce a QE III program in 2012 of similar size to QE II (\$600 billion), targeted at least partly towards mortgage-backed securities. However, neither operation is expected to give much support to growth. The central bank has given as firm a commitment as possible to keep the federal funds rate near zero through at least mid-2013. This forecast assumes it keeps the current federal funds target rate (0.00%-0.25%) until at least 2014

Selected U.S. Interest Rates



Source: IHS Global Insight

Business Investment: The 2010 Tax Relief Act allows businesses to fully expense qualified assets purchased and put into use by the end of 2011, and to apply a 50% bonus depreciation on qualified assets bought in 2012 (software can be expensed through 2012). The savings from buying equipment this year are considerable, particularly for assets with long lives. It appears businesses are responding to this incentive. Assets with long lives posted almost across-the-board strong gains. Real business fixed investment increased at a 16.3% annual rate in 2011’s third quarter, contributing 1.6 percentage points to real GDP growth. Real spending on equipment and software grew 17.4% (annual rate), with transportation (up 38.1%), and industrial equipment (up 33.1%) all having an impressive third quarter. Still, in order to be effective, the outlook for businesses must be a favorable

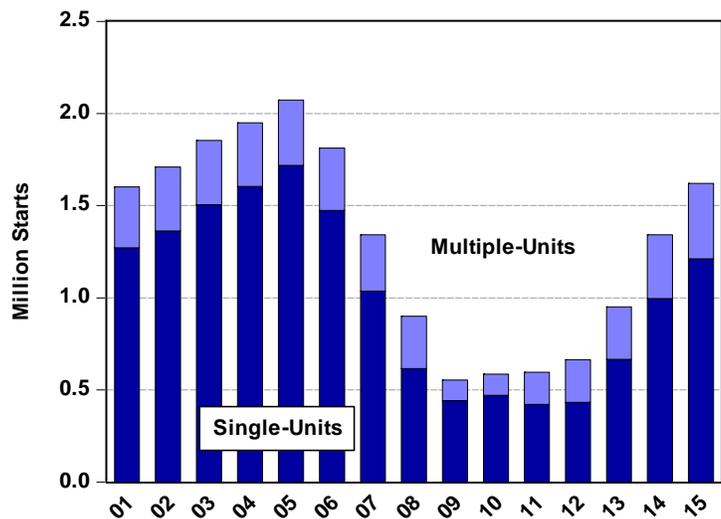
one. Unfortunately, it is not the case today. Businesses remain flush with cash and will want to address replacement needs neglected during the recession. But slow growth in end markets means that accelerated depreciation will have a limited impact on equipment spending going forward. Real spending on equipment and software should grow at a respectable, but far-from-impressive, 7.7% in the fourth quarter and at a respectable 6.7% in 2012. Spending slows in early 2013 after the program expires, but then quickly picks up because of an improving economy. Specifically, real investment on equipment and software is projected to increase 6.8% in 2013, 7.7% in 2014, and 6.0% in 2015.

Government: The congressional committee tasked with cutting \$1.2 trillion off the budget deficit over the next ten years has failed. This is not surprising given the substantial gap between Republican and Democratic proposals in the weeks leading up to November 23. This leaves both automatic spending cuts and the expiry of the Bush tax cuts looming in January 2013. It is assumed that the new Congress and president will produce a package of spending cuts and tax increases that mostly spares discretionary spending. There will be a combination of cuts in Medicare, Medicaid, and Social Security, and increases in income tax. The measures mostly begin in January 2014 (i.e., we assume that the Bush tax cuts are extended in 2013). In combination, these actions are sufficient to stabilize the federal debt-to-GDP ratio. Congress will need to decide on the fate of the payroll tax cut and extended emergency unemployment benefits (both expiring at the end of 2011), the Medicare payments to doctors scheduled to be cut on January 1, 2012, and the Alternative Minimum Tax “fix” that also expires on January 1, 2012. The current forecast assumes the 2% payroll tax cut and emergency unemployment insurance benefits are extended for 2012 and then phased out over several years, rather than disappearing overnight.

Housing: The housing sector is forecast to expand gradually over the next few years. Although not all the data are in, 2011 looks to have been the worst year on record for the single-family housing market. New home sales (data start in 1963), single-family housing starts (data start in 1959), and single-family permits (data start in 1960) will all set record lows in 2011 nationally and within all four regions of the country. Existing home sales (data start in 1999) may also drop into the cellar nationally. These rankings do not adjust for population growth. If they did, conditions would look even worse.

Policies at different levels have tried to jump-start housing, but all of them have fallen short in getting the market moving, and prospects for other policies appear similarly anemic. The better news is in the multifamily market, which makes up about one-third of the housing stock and continues to improve. September multifamily starts were up 51% nationally, propelled forward by a 141% surge in the South and a 52% jump in the West. For the third quarter, multifamily starts rose to a 190,000 annualized rate, their highest level in 11 quarters. Indeed, the stars are starting to align for this segment. Rents

U.S. Housing Starts



Source: IHS Global Insight

are rising (as are the prices of rental properties), rental vacancy rates are falling, the economy continues to create enough jobs to sustain a moderate recovery, and homeownership rates are falling. The housing market should improve slowly going forward, with single-family and multifamily housing starts, new home sales, and existing home sales all higher in 2012 than in 2011 (but not by much), housing prices finding a bottom in 2012, and the multifamily and rental markets faring better than the single-family market. Still, the overall housing market is not expected to shift into high gear until at least 2013. Eventually, sales and starts can return to demographically driven norms, but malaise trumps demographics in the short term. There are expected to be 665,000 housing starts this year, 951,000 starts next year, 1.34 million starts in 2014, and 1.62 million starts in 2015.

International: The U.S. trade deficit narrowed by \$1.8 billion in September, to \$43.1 billion, as exports posted stronger gains than imports. Total exports rose 1.4%, as goods exports jumped 2.1% in value and 1.4% in volume. Most major subcategories posted strong gains. Industrial supplies (up 1.9%) and consumer goods (up 5.2%) led the export charge, while capital goods (up 0.7%) and automotive goods (up 1.5%) followed close behind. But the boost from September exports to current production levels is not as strong as it would seem on the surface. A closer look at industrial supplies show that nonmonetary gold (not part of current production and therefore not included in the GDP calculations) was the single-largest contributor to the jump there. Excluding this category, industrial supplies exports fell 0.5%, and the total export gain would have been halved. The early part of 2012 should see imports dominating exports so that the trade deficit widens. As worries about global growth dissipate in the second half of 2012, exports should return to a more robust growth rate. For next year, IHS Global Insight expects export volumes to increase 3.4% while import volumes rise 2.5%. On net, foreign trade should represent a small drag to real GDP growth in the first half of 2012, but provide a minor boost to growth in the second half of the year. The dollar is expected to strengthen against the euro in the immediate future on continuing fears over Eurozone sovereign debt. However, the greenback's medium-term trend against major currencies is less clear. The dollar should continue declining against emerging-market currencies, though. The goods and services trade deficit should have widened in 2011, but the overall current-account deficit should shrink to 3.0% of GDP (from 3.2% in 2010), because strong profits from overseas operations have boosted the surplus on the income account. However, weaker growth overseas and a stronger dollar are likely to reduce the income surplus in 2012.

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IDAHO FORECAST DESCRIPTION

The Forecast Period is the Third Quarter of 2011 through the Fourth Quarter of 2015

A review of our projections from last year for 2011 show we captured the direction of the economy's performance better than its scope. In January 2011 we predicted, "...after suffering a weak year in 2010, the economy should take small steps to recovery in 2011." The economy did improve, but its steps were smaller than we anticipated. For example, we expected nonfarm employment to expand 1.0% in 2011. It grew an estimated 0.2%. Idaho nonfarm employment enjoyed an unexpected uptick in the fourth quarter of 2010, which raised confidence that our forecast for stronger job growth in 2011 would hold. Instead, employment stalled through most of the year. By the third quarter of 2011 not only was job growth weaker than had been anticipated, but there were actually 960 fewer jobs in the third quarter of 2011 than there were in the fourth quarter of 2010. On an annual basis, it is estimated there are 4,600 fewer jobs in 2011 than had been previously forecasted. Wage and salary payments grew an estimated 2.3% in 2011, which is lower than the 3.9% pace predicted a year ago.

Given last year's performance, it should come as no surprise that the direction of our forecast remains the same, but its pace has been reduced. We still believe Idaho's economy growth will pick up speed over the forecast period, but it will not accelerate as much as we thought it would last year. In January 2011 we predicted nonfarm employment would expand 2.7% in 2012, 2.8% in 2013, and 2.6% in 2014. In the current forecast the number of jobs grow 1.6% this year, 2.5% in 2013, and 2.6% in 2014. As a result of its lower starting point in 2011 and slower growth in the remaining years of the forecast, there are 13,400 fewer jobs in 2014 in the current forecast than in the previous one.

The nongoods-producing category is expected to be the state's largest job generator over the next few years. It is forecast to expand 2.2% this year, 3.3% next year, 2.9% in 2014, and 3.1% in 2015. This return to growth is important to the state's economy, as this sector accounts for two-thirds of Idaho's total nonfarm payroll. Put another way, over the forecast period, the nongoods-producing sector is forecast to add over 51,500 jobs, which is more than 85% of the anticipated total nonfarm job gain for the state.

The goods-producing category consists of manufacturing, mining, and construction. Its employment is expected to remain virtually unchanged in 2012 from the previous year, as job gains in mining employment are offset by expected construction job losses. However, construction employment is forecast to improve for the first time in six years in 2013 and manufacturing should revive from its recent lull, which should fuel faster goods-producing employment growth. Specifically, goods-producing employment is projected to fall 0.4% in 2012, increase 1.6% in 2013, grow 4.6% in 2014, and rise 3.4% in 2015.

Government employment in Idaho should be relatively flat through 2015. As a result of slower population growth and shrinking budgets, Idaho state and local government employment should hover near 105,000 jobs over most of the forecast period. Federal government employment is forecast to gradually shrink from 12,600 jobs in 2011 to 12,400 jobs in 2015.

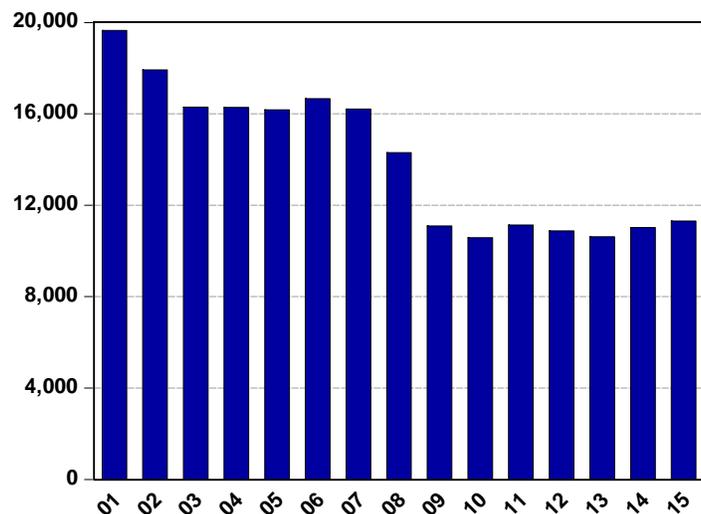
Idaho personal income is estimated to have risen 4.7% in 2011. Part of this gain is due to the two-percentage point reduction of the federal payroll tax rate last year. Contributions for social insurance

dropped 6.0% in 2011. Since the contributions for social insurance reduces personal income, last year's rate reduction resulted in a smaller-than-usual reduction from overall personal income. This forecast assumes the payroll tax rate will rise slowly over the forecast period. Idaho nominal personal income is projected to grow 3.1% in 2012, 3.8% in 2013, and 5.4% in both 2014 and 2015. Inflation-adjusted personal income should advance 1.8% this year, 2.2% next year, 3.5% in 2014, and 3.3% in 2015.

SELECTED IDAHO ECONOMIC INDICATORS

Computer and Electronics Manufacturing: After experiencing both a steep ascent and descent over the last two decades, Idaho's computer and electronics employment settled at about 11,000 jobs in 2011, and it is expected to hover around this level over the next few years. This sector's employment grew an average of 7% annually from 1991 to 2000, which was almost twice as fast as overall nonfarm employment's annual growth of 4%. At this pace, employment nearly doubled from 10,700 jobs to 19,700 jobs. Along the way, this sector overtook food processing to become the Gem State's largest manufacturing employer in 1997. Computer and electronics employment peaked in 2001. Worldwide high-tech troubles contributed to this sector's 9% employment declines in both of the next two years. Unfortunately, job declines were common in the following years. It shed jobs in six of the next seven years, with the most severe declines coming in 2008 (11.8%) and 2009 (22.5%). After holding onto its title for a dozen years, the computer and electronics title of the state's top manufacturing employer reverted to the food processing sector in 2008. A tally of this sector's "lost decade" shows all of the jobs added in the 1990s were lost by 2010. Future employment is expected to be less volatile for several reasons. First, employment should be less influenced by market swings because this sector is moving away from production towards research and development. Micron Technology, one of the state's largest private employers, recently made this transition. Hewlett-Packard, another major high-tech player in the state, made this same change about a decade before Micron when it shut down its hard drive and printer component manufacturing operations in Boise. Second, companies are diversifying their product lines. For example, Micron is partnering with several other companies to develop a new memory technology called the hybrid memory cube. This new technology will considerably outperform the current synchronous double-data DRAM, while using less energy. In addition, the company acquired Numonyx, a Swiss manufacturer that produces NOR memory which is used in mobile devices markets. Micron is also moving into new markets by leveraging its decades of manufacturing expertise in developing new solar power technology with Australian-based Origin Energy. Other Idaho companies are also

Idaho Computer and Electronic Products Employment

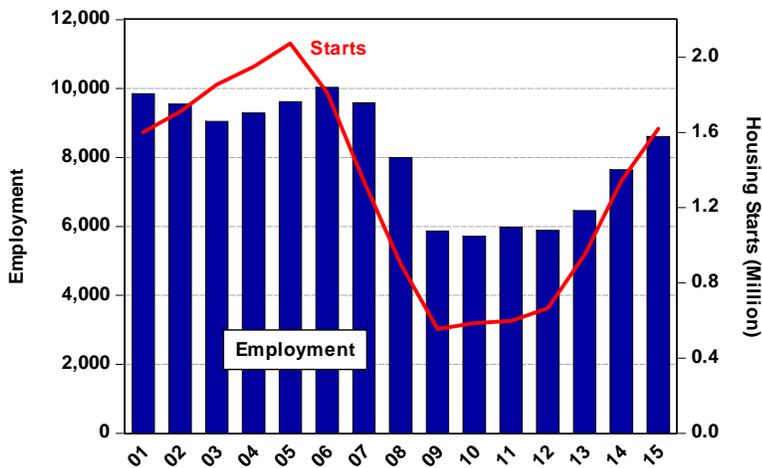


involved in green energy. Inovus Solar is a Boise-based renewable outdoor lighting company that manufactures LED (light-emitting diode) lighting.

Logging and Wood Products: Idaho logging and wood products employment is expected to recover slowly after suffering heavy losses under the weight of the U.S. housing collapse. This sector had 9,600 jobs in when U.S. housing starts peaked at 20.9 million units in 2005. Five years later there were fewer than 600,000 U.S. housing starts and Idaho employment had fallen to about 5,700 jobs. This sector’s job situation began turning around in 2011, as housing starts leveled off. Starts are expected to post gains in every year of the forecast, but they will not come close to their peak of over two million units in 2005. In fact, U.S. housing starts are expected to remain under one million units until 2014. In 2015 there should be 1.62 million housing starts, which is near their 2001 level. Strong demand helps keep a lid on the relentless downward pressures supply factors exert on employment. These factors include the unpredictable supply of logs from traditional sources. According to the U.S. Forest Service, the timber harvest from Idaho national forests averaged 124 million board feet (Scribner scale) from 2000 to 2010, but harvest varied from 167 million board feet in 2000 to 89 million board feet in 2006. The harvest from all sources in Idaho fell from 1.2 billion board feet in 2000 to 0.8 billion board feet in 2009. The June 2008 edition of *Random Lengths Yardstick* reported there are about half as many mills in the inland region as there were 20 years ago, and the inland region’s share of North American (United States and Canada) production has dwindled from 18% to 8%. Despite this decline, over capacity is a problem. It has been estimated the industry can produce

20% to 25% more lumber than is being consumed in North America. One of the reasons for this is logging and wood products employees have grown more productive over time. Output per worker was 152.9 thousand board feet of softwood lumber in 2000. In 2009, productivity jumped to 212.5 thousand board feet per worker. Idaho logging and wood products employment is forecast to rise 4.6% in 2011, decline 1.6% in 2012, increase 9.8% in 2013, grow 18.3% in 2014, and increase 12.6% in 2015. There are expected to be about 8,600 jobs in 2015. This is about 2,900 more jobs than in 2010, but about 1,000 fewer jobs than in 2005.

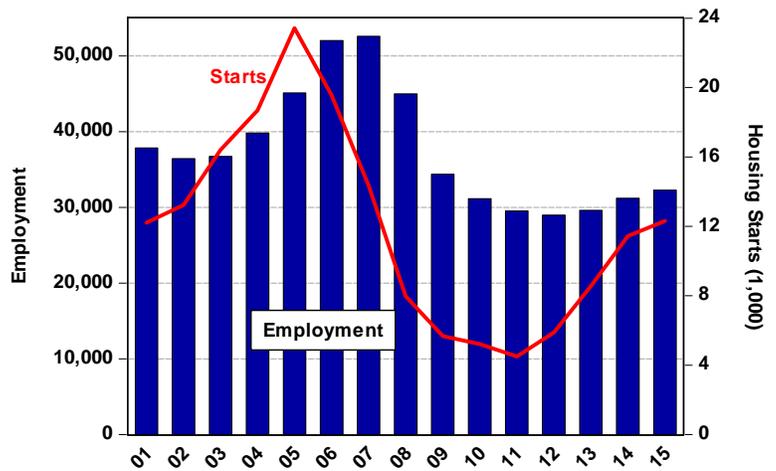
Idaho Wood Product Employment and U.S. Housing Starts



Construction: Idaho construction will be one of the last job categories to recover. Most industries will be growing by 2012, but construction employment is not expected to post its next gain until a year later. The last few years have been very hard on this sector. At its peak in 2007, there were 52,600 construction jobs in Idaho. It was a major growth engine for the economy, accounting for nearly one out of every five jobs created from 2002 to 2007. Fueling this rise was the boom in Idaho housing starts. From the beginning of the decade to its middle, the number of Idaho housing starts doubled from 11,501 units to 23,416 units. Housing starts began declining in 2006, but construction employment did not begin retreating until 2008. Nearly 23,000 jobs disappeared over the next three

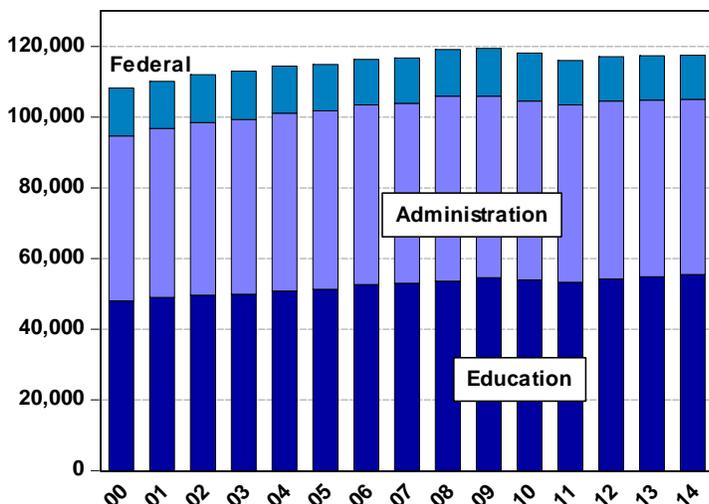
years. Housing starts are predicted to continue falling in 2011 and 2012, and so will construction employment. At its trough in 2012, there will be about 29,000 jobs. The frustrating thing is housing starts are low even though affordability is rising. Home prices continue to fall and mortgage interest rates are at record lows, which should invigorate the housing markets. Ironically, falling home prices could be doing the opposite. After watching prices fall for several years, even well-qualified buyers could be delaying purchases until they are convinced home prices have hit bottom. Second, sellers whose home values have dropped precipitously may not be able to afford to sell their homes. In addition, both home buyers and sellers may be reluctant to make the largest purchase of their lives until they feel more comfortable with their job situations. Idaho housing starts are forecast to be 5,882 units this year, 8,561 units next year, 11,437 units in 2014, and 12,316 units in 2015. There are expected to be 29,013 construction jobs in 2012, 29,623 jobs in 2013, 31,231 jobs in 2014, and 32,293 jobs in 2015.

Idaho Construction Employment and Housing Starts



Government: The employment outlook for Idaho’s public sector will continue to be shaped by slower-than-usual population growth and tighter public agency budgets. Population expands a couple of ways. The first is natural growth, or births less deaths. For example, Idaho Vital Statistics reports there were 23,202 births in Idaho and 11,411 deaths. Thus, the natural growth was 11,791 persons. The other factor fueling population is migration. Migration is important because it can contribute to large swings in the state’s population. For example, migration accounted for nearly

Idaho Government Employment

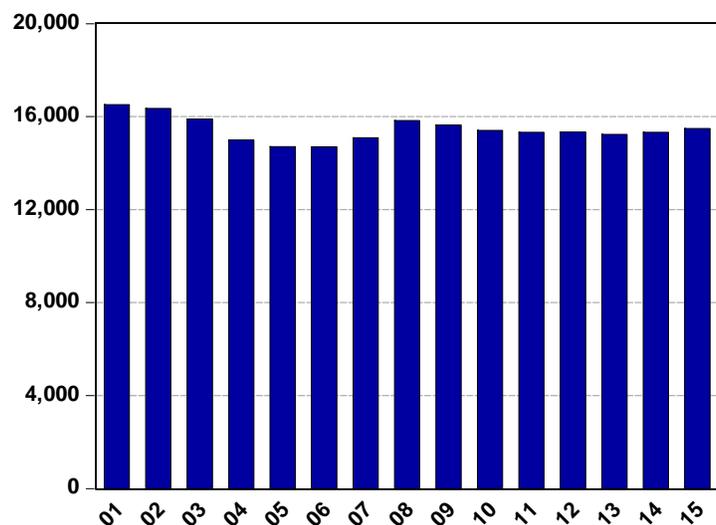


two-thirds of this state’s decade-high 2.6% population increase in 2006. In contrast, the Gem State’s population grew just 1.2% in 2009—its smallest gain in over two decades. In that year migration accounted for just over a third of the population change. There were a couple of reasons migration was so low. First, few states escaped the Great Recession. With limited opportunities to improve their economic situation somewhere else, most job seekers hunkered down and rode out the downturn at home. Second, the housing market collapse kept many Americans tethered to their homes, even if jobs were available in

other states. Idaho’s population is expected to increase 1.3% in 2011 and average 1.7% annual growth thereafter. As the state’s population increases, governments tend to expand to meet the demands of their citizens. However, these expansions are limited by government budget constraints. The state’s recent revenue challenges serve as an example. Although Idaho’s population was growing, General Fund revenues plunged 15.2% in FY 2009 and by another 8.2% in FY 2010. Not surprisingly, General Fund expenditures also declined during those two years. State General Fund revenue increased 7.9% in FY 2011. This strong growth contributed to state revenues ending the fiscal year with \$85.3 million above the forecast. Most of this balance (\$59.9 million to public schools and \$7.5 million to community colleges) was sent to the schools per an agreement between the state and federal government. This cash infusion will help Idaho education-related employment avoid another decline in FY 2012. On a calendar-year basis, state and local government employment is predicted to grow 0.5% per year over the forecast period. All this growth will be generated by education-related government employment that should advance 1.3% annually. Noneducation-related government employment, on the other hand, is not as robust. In fact, it is expected to decline in three of the next four years and have about 1,000 fewer jobs in 2015 than it did in 2011. Federal employment in Idaho enjoyed a banner year in 2010 thanks to the once-a-decade boost from the U.S. census. The federal job count rose to nearly 13,600 jobs that year. With the census complete, Idaho federal employment is expected to be in the 12,700- to 12,400-job range. Like Idaho government employment, federal employment levels depend on funding. It could be lower than anticipated in this forecast, depending on the austerity measures adopted to reduce the federal budget deficit.

Food Processing: Idaho’s largest manufacturing employment sector has recently been the source of both good and bad news. First the good news. Agro Farma announced it had chosen Idaho for its first expansion outside of New York. The company will build a \$128 million plant in Twin Falls to produce its signature Chobani Greek yogurt. The company is the largest manufacturer of Greek yogurt in the United States. The plan is for the plant to initially employ 400 workers, and its work force could triple over time. The plant will add value to one of Idaho’s largest commodities: milk. In 2010, Gem State dairies produced 12.8 billion pounds of milk, making it the nation’s third largest producer of milk. The cash receipts from milk marketed in that year was \$1.9 billion, which was the highest of any commodity produced in the state. The next two largest cash commodities were cattle and calves (\$1.2 billion) and potatoes (\$0.7 billion). The bad news is two major plants either closed or announced they were closing. Nampa’s XL Four Star Beef, Inc. meat packing shut down in June 2011, which idled about 500 workers. The plant processed cows that were no longer used for calving. In November, the J.R. Simplot Co. announced it will lay off up to 1,000 workers over the next three years as it closes three aging potato-processing plants and builds a new one. The three

Idaho Food Processing Employment



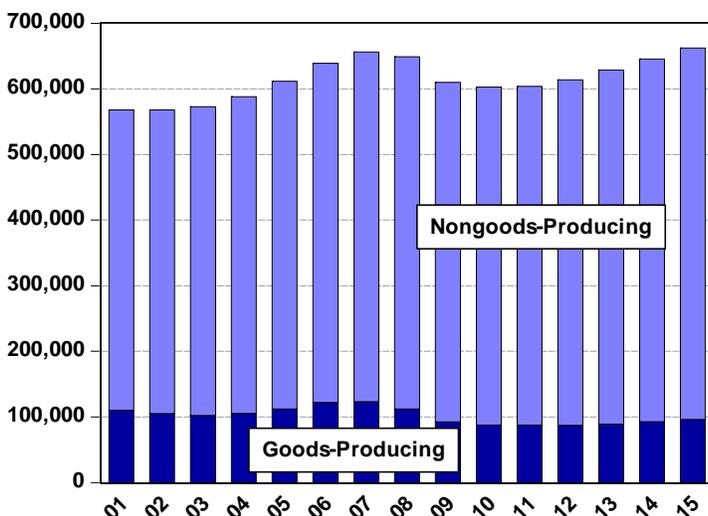
plants scheduled to be closed are in Aberdeen, Caldwell, and Nampa. The new plant will be located in Caldwell. It is expected to be completed by 2014, and it will employ about 250 workers. Food processing employment is expected to remain near 15,300 jobs through 2014 then rise to 15,500 jobs in 2015.

Other Manufacturing Sectors: Manufacturing is usually considered to consist of expansive plants and huge payrolls. But most Idaho manufacturing establishments do not fit this traditional mold. According to the U.S. Census Bureau, in 2009 only two Idaho manufacturing plants employed more than 1,000 workers. Fewer than 100 establishments had at least 100 employees. The vast majority of the state’s manufacturing activity took place at sites with fewer than ten employees. These small manufacturers are important, but often overlooked, contributors to Idaho’s economy. After suffering job losses during the last few years, most of the smaller manufacturing sectors will expand during the forecast period. For example, machinery employment shrank from just over 3,100 jobs in 2008 to 2,500 jobs in 2010. This sector’s employment is expected to have climbed to about 2,600 jobs in 2011. Last year’s growth should be the first in a string of gains for this sector. By 2015, there is predicted to be nearly 2,800 machinery jobs in Idaho. The Gem State’s metal fabrication sector enjoyed a 65-job gain in 2010. It should continue adding to its payroll over the forecast period, so that by 2015 there should be about 5,400 jobs, which is a new record for this sector. The other durable manufacturing sector’s employment peaked at 10,700 jobs in 2007. Three consecutive years of losses left it with just 7,800 jobs in 2010. It began adding workers in 2011 and should continue expanding over the next few years, so that by 2015 its payroll should consist of 9,200 jobs. Miscellaneous nondurable-goods manufacturing actually posted a small job gain in 2010, but it is predicted to be on hiatus in 2011 before resuming growth this year. Not all sectors are expected to expand over the forecast period, however. The printing sector’s contraction that began in 2007 is projected to continue through 2015. After experiencing gains in 2011 and 2012, chemical manufacturing employment is forecast to decline in the remaining years of the forecast, leaving it with about 120 fewer jobs in 2015 than it had in 2008.

Nongoods Producing: Employment in the state’s largest private sector, nongoods, is expected to post a small gain (0.8%) in 2011 after suffering back-to-back declines in 2009 and 2010. Job growth is

forecast to accelerate thereafter, growing 2.2% this year, 3.3% next year, 2.9% in 2014, and 3.1% in 2015. This return to growth is important to the state’s economy, as this sector accounts for two-thirds of Idaho’s total nonfarm payroll. It consists of two main components: services and trade. The services category consists of information services; financial activities; transportation, warehousing, and utilities; professional and business services; education and health services; leisure and hospitality services; and other services. The trade category is split between its retail and wholesale components. Retail is the larger of the

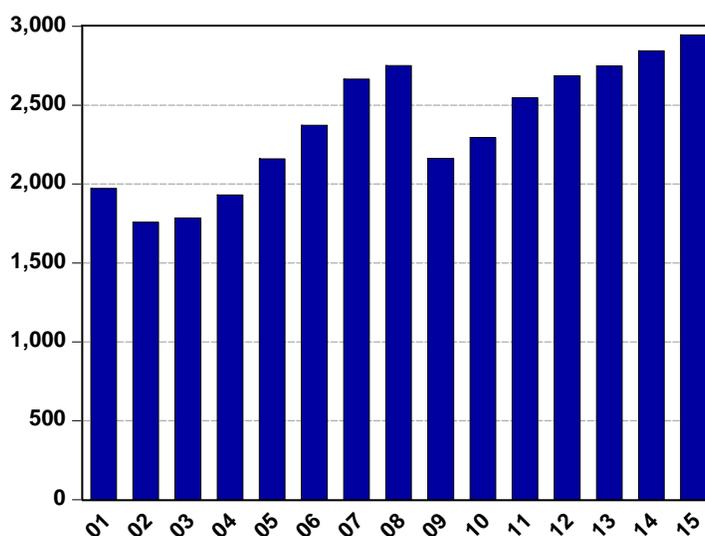
Idaho Nonfarm Employment



two, accounting for almost three quarters of total trade employment. Of the two major categories, services employment is expected to grow faster than trade employment over the forecast period, 2.6% versus 2.2%. At the projected pace, the services employment should top 336,000 jobs in 2015. The professional and business services category is expected to pick up steam over the next few years and it should be one of the state's important job producers. Contributing to this components near-term growth will be the 300-worker expansion to the C3 call center in Twin Falls and the new Allstate service center in Chubbuck that is expected to add 500 jobs. The health and private education category should enjoy steady, above-average job growth of 3.3% per year. While not experiencing the strong growth of its professional and business and education and health cohorts, the leisure and hospitality sector's employment should expand an average of 2.1% annually over the next few years. The trade sector employment is expected to be flat in 2011. However, it should add jobs faster in the remaining years of the forecast, so that there are 11,500 more jobs in 2015 than there were in 2010. Contributing to this job gain is the Walmart's return to Moscow. The original store closed in September 2010 when the company opened its Pullman, Washington store. The \$7 million renovation has expanded the store's floor space by 30%. It will employ 200 workers. Over the forecast period, the nongoods-producing sector is forecast to add 51,600 jobs, which is more than 85% of the anticipated total nonfarm job gain for the state.

Mining: Idaho mining employment is expected to continue growing over the forecast period, and recover all of the jobs it lost during its last employment downturn. The mining sector's employment recently peaked at 2,750 jobs in 2008. It shed nearly 600 jobs the following year. However, its losses were short lived thanks to surging metal prices. Employment posted strong gains in each of the two following years and by 2011 it had recovered all but 200 of the jobs that had been lost in 2009. This momentum should carry over into 2012, when mining employment is forecast to add another 150 jobs. Growth will cool in the following years, but it will still overtake its previous peak in 2014. It should climb to nearly 3,000 jobs in 2015—a level last scene in 1997. Higher metal prices have not only fueled jobs, but they have also increased renovation and exploration activity. The Idaho Department of Labor has reported, "Renovation has begun at the Star Mine, which was shut down for over 15 years. The project could create a connection to the existing development at the Lucky Friday Mine and coincides with the recent approval of the Lucky Friday #4 Shaft Project, which is expected to extend the life of the mine by more than 20 years." Further south, Dutch Gold Resources has leased the Minnie Moore Mine near Bellevue. The ore from the mine was 75% lead and contained 74.4 ounces of silver per ton and 0.112 ounce of gold.

Idaho Mining Employment



ALTERNATIVE FORECASTS

IHS Global Insight has assigned a 50% probability of occurrence to its November 2011 baseline forecast of the U.S. economy. The major features of this forecast include:

- Real GDP expands 1.8% in 2011, 1.6% in 2012, 2.5% in 2013, 3.5% in 2014, and 3.3% in 2015;
- U.S. nonfarm employment grows 1.0% in 2011, increases 0.9% in 2012, rises 1.4% in 2013, grows 2.0% in 2014, and 2.1% in 2015;
- The U.S. civilian unemployment rate is 9.1% in 2011, 9.2% in 2012, 9.0% in 2013, 8.2% in 2014, and 7.4% in 2015;
- Consumer inflation is 3.2% in 2011, 1.5% in 2012, 1.7% in 2013, 2.0% in 2014, and 2.1% in 2015;
- Current account deficit is \$459 billion in 2011, \$463 billion in 2012, \$438 billion in 2013, \$452 billion in 2014, and \$494 billion in 2015; and
- The federal unified budget deficit is \$1.30 trillion in 2011, \$1.06 trillion in 2012, \$799 billion in 2013, \$653 billion in 2014, and \$578 billion in 2015.

OPTIMISTIC SCENARIO

IHS Global Insight's *Optimistic Scenario* has been assigned a 10% probability of occurrence, the same as it was in the October 2011 forecast. The assumptions and outcomes are also similar to the *Optimistic Scenario* included in the previous forecast. Like its predecessor, in this scenario the economic recovery is sparked by pickups in business and consumer confidence, which leads to increased investment and spending. Greek debt restructuring is unavoidable, but the rest of the Eurozone provides sufficient, credible, and early support to stabilize financial markets. In addition, as the U.S. recovery picks up steam, Congress stokes the fire by extending the payroll tax cut into 2012. It also reduces the employee portion of the Social Security tax rate further, to 3.1% (instead of the baseline's 4.2%). The cuts amount to roughly \$62.0 billion in 2012. Construction fares better in this scenario. Housing starts reach 914,000 units in 2012, compared to 665,000 units in the baseline. Real GDP advances 1.9% in 2011, 3.6% in 2012, 4.0% in 2013, 3.8% in 2014, and 3.4% in 2015.

As a result of the stronger economy, long-term interest rates initially climb more rapidly than in the baseline. In light of the stronger-than-expected growth, the Federal Reserve rethinks its pledge to keep interest rates near zero through mid-2013 and begins hiking rates in the first quarter of 2013. This move calms bond markets and bolsters confidence that inflation will remain tame over the longer term. In short, this scenario sees an immediate pickup in consumer confidence and spending, more stable equity markets as the Eurozone's debt issues are addressed, and much stronger growth than in the baseline, without adverse consequences for the long-term inflation outlook.

Idaho's economy improves modestly from the baseline case in this scenario. In the *Baseline Scenario*, nonfarm employment rises at a 1.9% annual pace from 2010 through 2015, adding about 60,000 jobs over this five-year period. In comparison, it adds just over 67,000 jobs during this period in the *Optimistic Scenario*. Idaho's goods-producing sector enjoys a growth spurt in 2013, when its employment jumps by 4.1%, compared to the baseline's 1.6% expected gain. Nongoods-producing employment takes longer to pull away from its baseline counterpart, but by 2015 there are about 6,000 more jobs than in the *Baseline Scenario*. The stronger employment helps lift Idaho real personal income slightly above its baseline counterpart. Specifically, it is about \$1.0 billion higher in 2015 in the *Optimistic Scenario*.

IDAHO ECONOMIC FORECAST
BASELINE AND ALTERNATIVE FORECASTS
JANUARY 2012

	BASELINE				OPTIMISTIC				PESSIMISTIC			
	2012	2013	2014	2015	2012	2013	2014	2015	2012	2013	2014	2015
U.S. GDP (BILLIONS)												
Current \$	15,554	16,129	16,974	17,865	15,900	16,800	17,675	18,538	15,190	15,431	16,156	16,922
% Ch	3.0%	3.7%	5.2%	5.2%	5.2%	5.7%	5.2%	4.9%	0.7%	1.6%	4.7%	4.7%
2005 Chain-Weighted	13,537	13,871	14,362	14,837	13,815	14,370	14,911	15,422	13,244	13,371	13,792	14,161
% Ch	1.6%	2.5%	3.5%	3.3%	3.6%	4.0%	3.8%	3.4%	-0.5%	1.0%	3.1%	2.7%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	54,264	56,337	59,405	62,590	54,717	56,538	59,775	63,462	53,145	54,904	57,687	60,080
% Ch	3.1%	3.8%	5.4%	5.4%	3.9%	3.3%	5.7%	6.2%	1.0%	3.3%	5.1%	4.1%
U.S. (Billions)	13,394	13,870	14,595	15,372	13,650	14,331	15,178	15,941	13,042	13,239	13,840	14,550
% Ch	3.1%	3.6%	5.2%	5.3%	5.0%	5.0%	5.9%	5.0%	0.5%	1.5%	4.5%	5.1%
PERSONAL INCOME - 2005 \$												
Idaho (Millions)	47,082	48,137	49,812	51,468	47,086	47,986	50,128	52,504	46,510	47,316	48,475	49,327
% Ch	1.8%	2.2%	3.5%	3.3%	1.9%	1.9%	4.5%	4.7%	0.6%	1.7%	2.5%	1.8%
U.S. (Billions)	11,621	11,851	12,238	12,641	11,746	12,163	12,729	13,188	11,414	11,409	11,629	11,946
% Ch	1.8%	2.0%	3.3%	3.3%	3.0%	3.6%	4.6%	3.6%	0.0%	0.0%	1.9%	2.7%
TOTAL NONFARM EMPLOYMENT												
Idaho	613,771	628,817	645,430	662,170	615,739	632,723	649,135	669,976	608,631	617,571	630,713	640,764
% Ch	1.6%	2.5%	2.6%	2.6%	2.0%	2.8%	2.6%	3.2%	0.8%	1.5%	2.1%	1.6%
U.S. (Thousands)	132,205	134,037	136,774	139,613	133,772	137,271	140,625	143,387	130,796	130,855	132,788	135,258
% Ch	0.9%	1.4%	2.0%	2.1%	2.0%	2.6%	2.4%	2.0%	-0.2%	0.0%	1.5%	1.9%
GOODS-PRODUCING SECTOR												
Idaho	87,447	88,869	92,949	96,133	89,260	92,917	95,517	97,333	85,693	84,587	88,535	91,568
% Ch	-0.4%	1.6%	4.6%	3.4%	1.7%	4.1%	2.8%	1.9%	-2.4%	-1.3%	4.7%	3.4%
U.S. (Thousands)	18,021	18,187	18,997	20,070	18,505	19,395	20,374	21,118	17,721	17,384	18,000	19,106
% Ch	0.0%	0.9%	4.5%	5.6%	2.7%	4.8%	5.0%	3.6%	-1.7%	-1.9%	3.5%	6.1%
NONGOODS-PRODUCING SECTOR												
Idaho	526,324	539,948	552,481	566,037	526,480	539,806	553,618	572,643	522,938	532,984	542,179	549,196
% Ch	2.0%	2.6%	2.3%	2.5%	2.0%	2.5%	2.6%	3.4%	1.3%	1.9%	1.7%	1.3%
U.S. (Thousands)	114,183	115,849	117,776	119,543	115,267	117,876	120,250	122,269	113,075	113,472	114,788	116,152
% Ch	1.0%	1.5%	1.7%	1.5%	1.9%	2.3%	2.0%	1.7%	0.0%	0.4%	1.2%	1.2%
SELECTED INTEREST RATES												
Federal Funds	0.1%	0.1%	1.2%	3.3%	0.1%	1.3%	3.4%	4.0%	0.1%	0.1%	0.1%	0.8%
Bank Prime	3.3%	3.3%	4.2%	6.3%	3.3%	4.3%	6.4%	7.0%	3.2%	3.3%	3.3%	3.8%
Existing Home Mortgage	4.3%	4.6%	5.3%	6.2%	4.8%	5.4%	5.9%	6.4%	3.9%	4.3%	5.2%	6.5%
INFLATION												
GDP Price Deflator	1.4%	1.2%	1.6%	1.9%	1.5%	1.6%	1.4%	1.4%	1.2%	0.6%	1.5%	2.0%
Personal Cons Deflator	1.3%	1.5%	1.9%	2.0%	2.0%	1.4%	1.2%	1.4%	0.4%	1.5%	2.6%	2.3%
Consumer Price Index	1.5%	1.7%	2.0%	2.1%	2.4%	1.6%	1.4%	1.5%	0.4%	1.7%	2.9%	2.6%

Forecast Begins the THIRD Quarter of 2011

PESSIMISTIC SCENARIO

The odds of the U.S. economy slipping into a recession remain high. The *Pessimistic Scenario* has been assigned a 40% probability of occurrence. In this scenario, bad domestic policy decisions impose unnecessary fiscal contractions on vulnerable consumers, leading to depressed confidence and extremely weak spending. For example, this scenario assumes the payroll tax cut and emergency unemployment benefits are allowed to expire. Their combined impact would be the equivalent of a \$165 billion tax hike in 2012, and that would shave 0.6 percentage point off real GDP growth. Businesses facing low demand will cut wages and reduce their payroll, pushing the unemployment rate up. Abroad, European policymakers do not resolve its financial crisis in an orderly manner. On the housing front, the excess supply and weak demand conditions do not improve. Housing starts drop back to 518,000 units in 2012, compared with the baseline's 665,000 units. The U.S. economy contracts for three consecutive quarters starting in the first quarter of 2012. On an annual basis, real GDP falls 0.5% in 2012. In the baseline, real GDP rises 1.0% in 2013, grows 3.1% in 2014, and expands 2.7% in 2015.

When the economy starts to pull out of the recession, a new set of troubles emerges. As frozen demand thaws, spare capacity proves insufficient, leading to production bottlenecks. Shortages of skilled labor appear. Production shortages, weak productivity growth, a renewed surge in energy prices, and a still-weakening dollar, fuel higher inflation. Consumer price inflation is higher than its baseline counterpart in the last two years of the forecast. Monetary tightening eventually stabilizes core inflation at around 2.5%-3.0%, which is higher than the Federal Reserve's target of just under 2.0%.

The national recession has a devastating impact on Idaho. Under the baseline conditions, Idaho's economy was expected to experience modest growth over the next few years. Nonfarm employment would have 662,200 jobs in 2015 and real personal income would grow to \$51.5 billion. In the *Pessimistic Scenario*, nonfarm employment growth stalls in 2012, then ekes out a weak recovery beginning in 2013. As a result of the lower growth, there are 21,400 (3.2%) fewer jobs in 2015 than in the baseline. The goods-producing sector is particularly hard hit, suffering losses in both 2012 and 2013. The nongoods-producing sector advances less than 2.0% annually during this period. Given the employment situation, it is not surprising that real Idaho personal income is down \$2.2 billion in 2015, \$49.3 billion versus the baseline's \$51.5 billion.

Idaho General Fund Revenue

History and Projections

The following pages provide descriptions of the sources of General Fund revenue, historical rate and distribution formula information, historical revenue collection and distribution information, and a brief explanation of the basis of the forecast for each source of revenue that contributes to the General Fund.

Three primary revenue categories (individual income tax, corporate income tax, and sales tax) presently account for 94% of General Fund revenue as of fiscal year (FY) 2011. These sources of revenue are forecast using a combination of econometric methods and judgment. The econometric method is multiple regression, using variables contained in the Idaho Economic Model (IEM). Exogenous forecast data are obtained from the January 2012 *Idaho Economic Forecast*. Both are products of the Idaho Division of Financial Management. The judgmental factors considered include the effects of rate changes, other law changes, judicial decisions, and knowledge not reflected in the econometric analysis.

Product taxes and miscellaneous revenue sources are forecast using collections history, trend analysis, law changes, receipts to date, and a broad array of contacts with individuals responsible for or otherwise involved with the collection of each revenue category. The largest miscellaneous revenue category, insurance premium tax, is forecast by the Department of Insurance, using a simulation model to account for relevant variables and parameters that affect the cash flow into the General Fund.

GENERAL FUND REVENUE
(\$ MILLION)

SOURCE	ACTUAL									
	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
INDIVIDUAL INCOME TAX	\$596.46	\$650.85	\$704.82	\$776.19	\$841.87	\$960.16	\$1,023.97	\$835.85	\$837.80	\$902.13
% CHANGE	6.7%	9.1%	8.3%	10.1%	8.5%	14.1%	6.6%	-18.4%	0.2%	7.7%
CORPORATE INCOME TAX	\$131.64	\$151.98	\$122.36	\$117.29	\$95.44	\$124.87	\$141.53	\$76.30	\$93.13	\$103.02
% CHANGE	50.2%	15.5%	-19.5%	-4.1%	-18.6%	30.8%	13.3%	-46.1%	22.1%	10.6%
SALES TAX	\$481.96	\$463.00	\$476.73	\$496.81	\$588.80	\$627.50	\$647.29	\$657.12	\$700.24	\$886.08
% CHANGE	6.5%	-3.9%	3.0%	4.2%	18.5%	6.6%	3.2%	1.5%	6.6%	26.5%
CIGARETTE TAX	\$7.25	\$7.48	\$7.49	\$7.48	\$7.23	\$7.30	\$7.98	\$8.00	\$8.26	\$30.04
TOBACCO PRODUCTS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4.06	\$4.31	\$4.67	\$5.49
BEER TAX	\$1.65	\$1.62	\$1.63	\$1.62	\$1.68	\$1.75	\$1.82	\$1.88	\$1.91	\$1.96
WINE TAX	\$1.14	\$1.52	\$1.66	\$1.80	\$1.90	\$1.96	\$1.90	\$1.88	\$1.97	\$2.14
LIQUOR SURCHARGE	<u>\$4.95</u>									
PRODUCT TAXES	\$14.99	\$15.57	\$15.73	\$15.84	\$15.76	\$15.96	\$20.70	\$21.02	\$21.75	\$44.57
% CHANGE	-0.6%	3.9%	1.0%	0.7%	-0.5%	1.2%	29.7%	1.5%	3.5%	104.9%
KILOWATT-HOUR TAX	\$1.69	\$2.89	\$2.97	\$3.24	\$2.89	\$2.77	\$1.80	\$1.79	\$1.80	\$1.83
MINE LICENSE TAX	\$0.29	\$0.80	\$0.66	\$0.96	\$1.98	(\$0.66)	\$0.12	\$0.82	\$0.04	\$0.07
INTEREST EARNINGS	\$15.00	\$18.54	\$18.24	\$17.93	\$18.69	\$21.56	\$22.30	\$11.33	\$2.98	\$4.97
COURT FEES AND FINES	\$3.89	\$4.24	\$4.71	\$5.02	\$5.13	\$5.31	\$5.49	\$5.19	\$5.29	\$4.98
INSURANCE PREMIUM TAX	\$34.93	\$36.13	\$40.26	\$42.85	\$45.47	\$46.43	\$55.88	\$55.37	\$59.49	\$62.77
ALCOHOLIC BEVERAGE LICENSES	\$1.07	\$1.05	\$1.14	\$1.15	\$1.16	\$1.30	\$1.22	\$1.36	\$1.39	\$1.61
UCC FILINGS	\$0.85	\$0.94	\$0.03	\$0.03	\$0.01	\$0.02	\$2.01	\$2.03	\$2.14	\$2.39
UNCLAIMED PROPERTY	\$2.09	\$1.39	\$0.83	\$1.17	\$1.59	\$2.31	\$5.81	\$0.88	\$3.76	\$3.69
LANDS	\$0.24	\$0.24	\$0.24	\$0.27	\$0.32	\$0.70	\$0.34	\$0.35	\$0.36	\$0.33
ONE-TIME TRANSFERS	\$0.00	\$0.15	\$0.00	\$0.00	\$0.43	\$4.42	\$11.19	\$7.11	\$5.46	\$51.40
ESTATE TAX	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$35.81	\$7.59	\$13.65	\$4.43
OTHER DEPTS & TRANSFERS	<u>\$3.39</u>	<u>\$3.18</u>	<u>\$3.14</u>	<u>\$3.40</u>	<u>\$4.91</u>	<u>\$8.31</u>	<u>\$9.18</u>	<u>\$16.31</u>	<u>\$14.67</u>	<u>\$22.84</u>
MISC. REVENUE	\$63.46	\$69.55	\$72.23	\$76.01	\$82.57	\$92.46	\$151.15	\$110.14	\$111.02	\$161.31
% CHANGE	8.4%	9.6%	3.9%	5.2%	8.6%	12.0%	63.5%	-27.1%	0.8%	45.3%
TOTAL GENERAL FUND*	\$1,288.49	\$1,350.94	\$1,391.86	\$1,482.14	\$1,624.43	\$1,820.96	\$1,984.64	\$1,700.43	\$1,763.95	\$2,097.10
% CHANGE	9.8%	4.8%	3.0%	6.5%	9.6%	12.1%	9.0%	-14.3%	3.7%	18.9%

* Totals may not add due to rounding.

GENERAL FUND REVENUE
(\$ MILLION)

SOURCE	ACTUAL							FORECAST	
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
INDIVIDUAL INCOME TAX	\$1,035.54	\$1,216.49	\$1,400.16	\$1,429.74	\$1,167.89	\$1,061.88	\$1,152.65	\$1,219.76	\$1,295.00
% CHANGE	14.8%	17.5%	15.1%	2.1%	-18.3%	-9.1%	8.5%	5.8%	6.2%
CORPORATE INCOME TAX	\$139.56	\$194.13	\$190.22	\$189.28	\$141.03	\$97.02	\$168.95	\$176.76	\$182.84
% CHANGE	35.5%	39.1%	-2.0%	-0.5%	-25.5%	-31.2%	74.1%	4.6%	3.4%
SALES TAX	\$950.83	\$880.77	\$1,077.46	\$1,141.44	\$1,022.20	\$955.91	\$972.38	\$1,013.40	\$1,082.72
% CHANGE	7.3%	-7.4%	22.3%	5.9%	-10.4%	-6.5%	1.7%	4.2%	6.8%
CIGARETTE TAX	\$7.81	\$7.98	\$1.00	\$6.54	\$7.77	\$16.90	\$14.40	\$11.60	\$8.10
TOBACCO PRODUCTS	\$5.75	\$6.16	\$6.55	\$7.20	\$7.36	\$7.82	\$8.48	\$9.00	\$8.99
BEER TAX	\$1.95	\$1.99	\$2.13	\$2.15	\$2.04	\$2.07	\$1.97	\$2.02	\$2.05
WINE TAX	\$2.33	\$2.43	\$2.48	\$2.58	\$3.28	\$3.00	\$3.21	\$3.29	\$3.40
LIQUOR SURCHARGE	<u>\$4.95</u>	<u>\$4.95</u>	<u>\$10.24</u>	<u>\$8.38</u>	<u>\$9.29</u>	<u>\$11.39</u>	<u>\$14.76</u>	<u>\$17.25</u>	<u>\$18.38</u>
PRODUCT TAXES	\$22.79	\$23.50	\$22.41	\$26.84	\$29.74	\$41.18	\$42.82	\$43.16	\$40.91
% CHANGE	-48.9%	3.1%	-4.6%	19.8%	10.8%	38.5%	4.0%	0.8%	-5.2%
KILOWATT-HOUR TAX	\$1.53	\$2.29	\$2.26	\$1.60	\$2.02	\$2.14	\$2.43	\$2.70	\$2.20
MINE LICENSE TAX	\$0.03	\$0.27	\$2.35	\$2.52	\$0.94	\$1.80	\$1.54	\$1.50	\$1.75
INTEREST EARNINGS	\$8.92	\$18.12	\$17.17	\$11.37	\$0.76	(\$1.32)	(\$0.43)	\$0.02	\$0.64
COURT FEES AND FINES	\$4.66	\$4.79	\$5.04	\$5.33	\$5.35	\$5.38	\$5.12	\$5.20	\$5.28
INSURANCE PREMIUM TAX	\$60.85	\$60.38	\$59.78	\$56.34	\$55.48	\$53.63	\$54.12	\$52.26	\$53.32
ALCOHOLIC BEVERAGE LICENSES	\$1.64	\$1.72	\$1.81	\$1.92	\$1.61	\$1.47	\$1.52	\$1.55	\$1.57
UCC FILINGS	\$2.69	\$3.02	\$3.00	\$2.82	\$2.42	\$2.42	\$2.41	\$2.44	\$2.48
UNCLAIMED PROPERTY	\$9.83	\$1.99	\$3.31	\$5.63	\$1.78	\$8.22	\$4.51	\$4.50	\$4.50
LANDS	\$0.53	\$0.33	\$0.47	\$0.69	\$0.98	\$0.65	\$0.62	\$0.65	\$0.65
ONE-TIME TRANSFERS	\$0.86	\$0.54	\$1.54	\$2.24	\$1.43	\$1.54	\$4.88	\$0.00	\$0.00
ESTATE TAX	\$3.30	\$1.11	\$0.12	\$0.03	\$0.24	(\$0.17)	\$0.52	\$0.00	\$0.00
OTHER DEPTS & TRANSFERS	<u>\$24.14</u>	<u>\$21.89</u>	<u>\$25.40</u>	<u>\$30.18</u>	<u>\$31.70</u>	<u>\$32.71</u>	<u>\$30.43</u>	<u>\$28.81</u>	<u>\$26.39</u>
MISC. REVENUE	\$118.98	\$116.43	\$122.25	\$120.67	\$104.71	\$108.47	\$107.68	\$99.63	\$98.79
% CHANGE	-26.2%	-2.1%	5.0%	-1.3%	-13.2%	3.6%	-0.7%	-7.5%	-0.8%
TOTAL GENERAL FUND*	\$2,267.69	\$2,431.31	\$2,812.49	\$2,907.98	\$2,465.57	\$2,264.46	\$2,444.47	\$2,552.71	\$2,700.26
% CHANGE	8.1%	7.2%	15.7%	3.4%	-15.2%	-8.2%	7.9%	4.4%	5.8%

* Totals may not add due to rounding.

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INDIVIDUAL INCOME TAX

Description: (Title 63, Chapter 30, *Idaho Code*)

Collections from the individual income tax are based on a graduated scale of tax rates that are applied to brackets of Idaho taxable income. Beginning with tax year 2000, Idaho's income tax brackets have been adjusted annually for inflation. Current and past individual income tax rates and brackets are detailed in the following table.

INDIVIDUAL INCOME TAX RATE HISTORY

TAX YEAR	Tax Rates on the Portion of Taxable Income ¹								
	\$0-1000	\$1001-\$2000	\$2001-\$3000	\$3001-4000	\$4001-5000	\$5001-6000	\$6001-7500	\$7501-	\$20000+
1931	1.0%	1.0%	2.0%	2.0%	3.0%	3.0%	4.0%	4.0%	4.0%
1933	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	6.0%	6.0%	6.0%
1935	1.5%	3.0%	4.0%	5.0%	6.0%	8.0%	8.0%	8.0%	8.0%
1955 ²	1.61%	3.23%	4.30%	5.38%	6.45%	8.60%	8.60%	8.60%	8.60%
1957 ³	2.0%	4.0%	5.5%	6.6%	7.7%	8.8%	8.8%	8.8%	8.8%
1959	3.5%	5.0%	6.5%	7.5%	8.5%	9.5%	9.5%	9.5%	9.5%
1963	3.4%	5.5%	7.2%	8.25%	9.35%	10.5%	10.5%	10.5%	10.5%
1965	2.5%	5.0%	6.0%	7.0%	8.0%	9.0%	9.0%	9.0%	9.0%
1972	2.0%	4.0%	4.5%	5.5%	6.5%	7.5%	7.5%	7.5%	7.5%
1987	2.0%	4.0%	4.5%	5.5%	6.5%	7.5%	7.5%	7.8%	8.2%
2000	\$0-1022	\$1023-2044	\$2045-3066	\$3067-4088	\$4089-5110	\$5111-7666	\$7667-20,442	\$20443+	
	1.9%	3.9%	4.4%	5.4%	6.4%	7.4%	7.7%	8.1%	
2001	\$0-1056	\$1057-2113	\$2114-3169	\$3170-4226	\$4227-5282	\$5283-7923	\$7924-21129	\$21130+	
	1.6%	3.6%	4.1%	5.1%	6.1%	7.1%	7.4%	7.8%	
2002	\$0-1087	\$1088-2173	\$2174-3260	\$3261-4346	\$4347-5433	\$5434-8149	\$8150-21730	\$21731+	
2003	\$0-1104	\$1105-2207	\$2208-3311	\$3312-4415	\$4416-5518	\$5519-8278	\$8279-22074	\$22075+	
2004	\$0-1129	\$1130-2258	\$2259-3387	\$3388-4515	\$4516-5644	\$5645-8466	\$8467-22577	\$22577+	
2005	\$0-1158	\$1159-2317	\$2318-3476	\$3477-4635	\$4636-5793	\$5794-8691	\$8692-23177	\$23178+	
2006	\$0-1198	\$1199-2396	\$2397-3594	\$3595-4793	\$4794-5991	\$5992-8986	\$8987-23963	\$23964+	
2007	\$0-1237	\$1238-2474	\$2475-3710	\$3711-4947	\$4948-6184	\$6185-9276	\$9277-24736	\$24737+	
2008	\$0-1271	\$1272-2543	\$2544-3815	\$3816-5087	\$5088-6359	\$6360-9539	\$9540-25440	\$25441+	
2009	\$0-1320	\$1321-2641	\$2642-3962	\$3963-5283	\$5284-6603	\$6604-9906	\$9907-26417	\$26418+	
2010	\$0-1315	\$1316-2631	\$2632-3947	\$3948-5263	\$5264-6579	\$6580-9869	\$9870-26319	\$26320+	
2011	\$0-1337	\$1338-2675	\$2676-4013	\$4014-5351	\$5352-6689	\$6690-10034	\$10035-26759	\$26760+	

1. Income bracket amounts shown are for single and married filing separate returns.

For all other filing status returns double the income bracket amounts for each rate.

2. Rates shown include 7.5% surcharge on all brackets. Effective in 1955 and 1956.

3. Rates shown include 10% surcharge on brackets greater than \$2000. Effective in 1957 and 1958.

Idaho taxable income is derived from federal taxable income (ATI). For Idaho residents, income from all sources is taxable in Idaho, with credit provided for taxes paid to other states. For non-residents, only income earned in Idaho is subjected to Idaho income tax. For part-year residents, income from all sources is taxable during the period of Idaho residency, while only income earned in Idaho is subjected to Idaho income tax during the period of non-residency.

Although Idaho conforms to most of the federal income tax provisions for determining taxable income, a number of differences exist. Idaho's definition of taxable income excludes 100% of social security income,

60% of certain capital gains, and 100% of interest earned on U.S. government securities. For a complete delineation of Idaho's income tax structure, please refer to the Tax Structure section of this publication.

Idaho also provides a number of credits that are not included in the federal tax code. These include an investment tax credit, credit for contributions to educational entities, and several credits linked to investments in broadband equipment, research activities, and job creation. Again, for a complete delineation of Idaho's income tax structure, please refer to the Tax Structure section of this publication.

Idaho income derived from wages and salaries is subject to payroll withholding. Idaho does not require estimated payments for individual income tax, so tax payments derived from business income and most investment income are paid when the tax return is due (typically April 15 following the end of the tax year). A number of Idaho taxpayers make voluntary estimated payments at the end of the tax year (typically December 31) in order to claim the payment on the same year's federal income tax return.

Since the enactment of Idaho's income tax in 1931, all net tax liability, interest, and penalties have been distributed to the General Fund. Beginning in FY 2001, withholding collections on Idaho lottery winnings are distributed to public schools and counties. An amount equal to 20% of the individual income taxes collected by the State Tax Commission and deposited with the State Treasurer is required by statute to be deposited in the State Income Tax Refund Fund. Any balance exceeding \$1,500,000 in the State Income Tax Refund Fund at the end of the fiscal year is transferred to the General Fund on June 30.

A separate filing tax of \$10 per income tax return has been assessed since 1959. Proceeds of the filing tax went to the General Fund until 1961, when their distribution was changed to the Permanent Building Fund. The income tax return form includes a variety of other "check offs" that can be used by the taxpayer to donate various amounts (usually from refunds) to special funds such as non-game wildlife, veterans' support, etc.

Basis of Projection:

The projections of General Fund revenue from the individual income tax for FY 2012 and FY 2013 are based on a combination of econometric analysis and judgment.

The analysis begins with the Idaho Economic Model (IEM), an econometric base model of Idaho's economy that is used to derive employment by industry and income by type. Idaho wage and salary payments data and other factors are used to project withholding collections. Filing collections are estimated using a national equity market index and Idaho personal income as the explanatory variables. The sum of these two components is gross individual income tax collections. Net individual income tax collections are derived by subtracting the forecasts for refunds and miscellaneous reductions. An example of the latter is the withholding collections from Idaho lottery winnings that are distributed to the public schools and counties, instead of the General Fund.

All forecasts for the individual income tax components are adjusted to reflect: a) new features of the tax law that are expected to impact future collections and accruals, and b) effects of other factors that are expected to have impacts not reflected in the econometric analysis.

The forecast that follows assumes no further change in current Idaho income tax law, a standard practice of the Division's revenue forecasts.

Historical Data:

INDIVIDUAL INCOME TAX

(\$ THOUSANDS)

Year		Gross Collections	Distributions			
			Refunds	Gen. Fund	Perm. Building Fund	Misc. & "Check-Off" Donations
FY70	Actual	\$45,142.5	\$6,603.4	\$35,858.7	\$1,120.0	\$1,560.3
FY71	Actual	51,186.3	7,512.8	40,738.9	1,104.3	1,830.3
FY72	Actual	64,107.9	9,460.1	51,235.1	1,040.2	2,372.5
FY73	Actual	76,510.6	13,658.2	59,164.7	977.7	2,710.0
FY74	Actual	95,373.9	16,058.6	75,103.7	973.4	3,238.3
FY75	Actual	117,911.0	23,372.8	89,566.6	1,046.8	3,924.8
FY76	Actual	131,064.3	26,024.7	99,386.0	940.7	4,711.9
FY77	Actual	150,650.7	29,844.0	116,587.3	920.6	3,298.8
FY78	Actual	169,195.1	24,210.7	143,660.6	39.6	1,284.1
FY79	Actual	198,231.0	31,245.2	163,203.8	907.8	2,874.0
FY80	Actual	212,761.8	35,322.8	172,620.9	1,081.4	3,736.7
FY81	Actual	242,743.6	41,262.4	196,892.1	1,093.2	3,495.8
FY82	Actual	264,162.3	44,012.5	215,835.5	1,082.1	3,232.1
FY83	Actual	272,845.0	55,669.9	212,356.6	1,064.1	3,755.4
FY84	Actual	287,957.0	54,731.7	230,002.0	3,008.0	215.3
FY85	Actual	314,955.9	62,164.8	249,277.9	3,322.7	190.5
FY86	Actual	324,704.5	63,132.6	258,065.2	3,275.8	230.9
FY87	Actual	331,393.7	63,191.4	264,128.9	3,842.1	231.3
FY88	Actual	340,376.7	50,486.1	287,156.0	2,581.4	153.2
FY89	Actual	394,403.4	47,582.5	343,077.5	3,551.4	192.0
FY90	Actual	459,019.4	56,873.5	398,284.0	3,668.1	193.8
FY91	Actual	508,711.2	72,282.6	432,218.3	3,984.1	226.2
FY92	Actual	543,233.5	80,435.4	459,438.2	3,157.0	202.9
FY93	Actual	609,443.1	96,209.4	508,023.1	4,998.9	211.7
FY94	Actual	671,419.7	107,859.3	559,166.6	4,215.4	178.4
FY95	Actual	724,809.1	123,717.5	596,457.5	4,459.0	175.2
FY96	Actual	770,804.9	115,072.5	650,850.0	4,708.5	173.9
FY97	Actual	830,855.9	121,650.3	704,819.9	4,236.1	149.7
FY98	Actual	914,961.2	133,761.8 ¹	776,192.0	4,817.3	190.1
FY99	Actual	989,401.5	142,174.4	841,865.0	5,107.5	254.6
FY00	Actual	1,113,448.3	147,853.6	960,163.7	5,041.1	389.9
FY01	Actual	1,200,254.7	169,727.3	1,023,970.2	6,073.1	484.1
FY02	Actual	1,033,900.3	191,524.7	835,854.8	5,636.6	884.2
FY03	Actual	1,033,471.1	189,691.0	837,798.6	5,358.3	623.2
FY04	Actual	1,097,096.6	189,116.2	902,125.5	5,346.8	508.0
FY05	Actual	1,241,292.8	190,269.1	1,035,542.5	5,160.5	10,320.8 ²
FY06	Actual	1,425,769.1	203,019.6	1,216,486.7	5,408.6	854.2
FY07	Actual	1,630,854.6	224,139.7	1,400,159.0	5,716.2	839.6
FY08	Actual	1,705,036.2	267,118.5	1,429,738.8	6,389.6	1,789.4
FY09	Actual	1,478,272.7	302,638.7	1,167,889.1	6,379.0	1,365.9
FY10	Actual	1,370,681.4	301,304.4	1,061,875.2	6,064.8	1,437.0
FY11	Actual	1,454,668.9	284,806.4	1,152,651.0	5,887.6	11,324.0 ²
FY12	Projection	1,517,818.0	285,391.2	1,219,764.4	5,964.1	6,698.3
FY13	Projection	1,604,121.6	296,243.7	1,294,997.1	6,059.5	6,821.4

1. Includes a \$1.1 million increase in the refund balance.

2. Includes impact from a single large lottery prize.

CORPORATE INCOME TAX

Description: (Title 63, Chapter 30, *Idaho Code*)

Collections from the corporate income tax are based on a flat rate of 7.6% applied to taxable income. For a listing of earlier rates refer to the following table. Beginning with tax year 1987, Idaho conformed to the changes made by the Tax Reform Act of 1986, except for the federal investment tax credit repeal. Idaho continues to allow a 3% credit that is tied to the federal definition of eligible property. Extra credits are also allowed for investments in broadband equipment, research activities, and job creation. See the Tax Structure section of this publication for details. Also, since September 1987, Idaho has required that corporations file quarterly payments of estimated taxes. This provision is based upon federal rules and was phased in over a two-year period.

CORPORATE INCOME TAX RATE HISTORY

Tax Rates on the Portion of Income:								
Greater Than		\$0	\$1,000	\$2,000	\$3,000	\$4,000	\$5,000	\$6,000
But Not More Than		\$1,000	\$2,000	\$3,000	\$4,000	\$5,000	\$6,000	
Tax	1931	1.0%	1.0%	2.0%	2.0%	3.0%	3.0%	4.0%
Years	1933	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	6.0%
	1935	1.5%	3.0%	4.0%	5.0%	6.0%	6.0%	8.0%
	1954	1.28%	2.55%	3.40%	4.25%	5.10%	5.10%	6.80%
	1955	7.5%	Beginning of Single "Flat" Tax Rate on all Positive Net Taxable Income					
	1957	8.0% + 10% Surcharge in 1957 and 1958.						
	1959	9.5%						
	1963	10.5%						
	1965	6.0%						
	1972	6.5%						
	1981	6.5% + 0.2% franchise tax up to \$250,000.						
	1983	7.7%						
	1987	8.0%						
	2001	7.6%						

Since its enactment in 1931, all net tax liability, interest, and penalties associated with the corporate income tax have been distributed to the General Fund. An amount equal to 20% of the corporate income taxes collected by the State Tax Commission and deposited with the State Treasurer is required by statute to be deposited in the State Income Tax Refund Fund. Any balance exceeding \$1,500,000 in the State Income Tax Refund Fund at the end of the year is transferred to the General Fund on June 30. An additional filing tax of \$10 per tax return has been assessed since 1959. Proceeds of the filing tax went to the General Fund until 1961, when their distribution was changed to the Permanent Building Fund.

Basis of Projection:

Projections of the General Fund revenue from the corporate income tax are based on a combination of econometric analysis and judgment. Historical corporate income tax collections are correlated with income concepts found in the IEM and IHS Global Insight's *U.S. Economic Outlook*.

Historical Data:

CORPORATE INCOME TAX

(\$ THOUSANDS)

Year		Gross Collections	Distributions			
			Refunds	Gen. Fund	Perm. Building Fund	Multi-State Tax Compact
FY70	Actual	\$11,125.8	\$1,661.1	\$9,412.6	\$52.1	
FY71	Actual	12,562.9	1,875.8	10,629.6	57.5	
FY72	Actual	12,895.0	1,924.9	10,907.4	62.7	
FY73	Actual	16,024.7	3,340.0	12,615.9	68.7	
FY74	Actual	23,076.0	4,021.6	18,980.3	74.0	
FY75	Actual	28,161.7	5,616.1	22,464.5	81.1	
FY76	Actual	31,751.8	2,215.4	29,448.9	87.6	
FY77	Actual	31,033.6	1,931.6	29,009.9	92.1	
FY78	Actual	33,326.2	2,481.8	30,802.9	41.5	
FY79	Actual	39,247.1	3,322.2	35,869.3	55.5	
FY80	Actual	42,603.9	3,133.3	39,363.2	107.4	
FY81	Actual	50,875.5	4,416.2	46,288.4	127.2	\$43.6
FY82	Actual	45,602.0	5,416.2	40,010.6	146.4	26.3
FY83	Actual	39,673.6	10,191.3	29,281.3	149.0	51.9
FY84	Actual	42,226.7	15,504.7	26,535.3	116.6	70.1
FY85	Actual	49,660.1	6,698.2	42,788.0	133.6	40.3
FY86	Actual	50,253.2	6,900.6	43,138.4	150.2	63.9
FY87	Actual	53,276.8	6,878.1	46,165.9	190.9	41.9
FY88	Actual	74,230.7	10,070.2	63,906.1	160.3	94.0
FY89	Actual	80,394.1	7,152.7	72,962.6	209.6	69.3
FY90	Actual	82,635.9	9,914.5	72,492.0	212.3	17.2
FY91	Actual	72,265.0	11,995.9	60,017.2	252.0	0.0
FY92	Actual	71,443.1	13,162.9	57,971.3	194.2	114.7
FY93	Actual	83,582.6	13,194.3	70,003.8	282.0	102.5
FY94	Actual	102,772.3	14,870.6	87,628.2	196.8	76.7
FY95	Actual	152,809.5	20,818.3	131,636.1	250.7	104.4
FY96	Actual	173,392.5	21,128.3	151,979.2	246.7	38.3
FY97	Actual	138,276.6	15,479.0	122,357.2	249.5	190.9
FY98	Actual	136,996.0	19,301.9	117,286.4	283.7	124.0
FY99	Actual	117,073.9	20,927.4	95,437.7	270.0	438.8
FY00	Actual	149,355.2	23,495.3	124,872.9	303.6	683.4
FY01	Actual	173,578.8	31,593.0	141,527.2	349.0	109.5
FY02	Actual	110,751.2	33,982.3	76,295.6	312.0	161.4
FY03	Actual	119,810.7	26,320.8	93,129.7	345.1	15.1
FY04	Actual	126,911.5	23,127.1	103,015.0	367.8	401.6
FY05	Actual	162,696.2	22,110.8	139,561.5	337.1	686.8
FY06	Actual	211,505.2	13,202.5	194,125.1	340.8	3,836.7
FY07	Actual	211,189.8	22,960.7	190,222.2	497.1	-2,490.1
FY08	Actual	212,879.8	22,705.5	189,283.5	471.1	419.6
FY09	Actual	174,503.0	32,277.3	141,025.4	503.6	696.8
FY10	Actual	136,835.2	38,507.9	97,021.0	490.3	816.0
FY11	Actual	191,154.8	20,940.6	168,949.8	455.3	809.1
FY12	Projection	211,031.8	32,858.9	176,760.2	461.3	951.5
FY13	Projection	218,280.6	33,988.9	182,838.9	468.6	984.2

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SALES TAX

Description: (Title 63, Chapter 36, Idaho Code)

Idaho's sales tax rate was 5% from April 1986 to April 2003. The sales tax rate was raised to 6% in May 2003 and remained at that level through FY 2004 and FY 2005. The sales tax rate returned to 5% on July 1, 2005. The rate was increased to 6% on October 1, 2006. Beginning in FY 2005, the Agricultural Equipment Property Tax Exemption is funded by the sales tax. Beginning in FY 2008, payments into the Demonstration Pilot Project Fund are made from sales tax refunds. The rate and distribution history is shown on the following table.

SALES TAX RATE AND DISTRIBUTION HISTORY

(\$ THOUSANDS)

Effective Date	Tax Rate	Gen. Fund	Perm. Building Fund	Revenue Sharing	Alloc. to Counties ¹	Pollution Control	Public School Income Fund	Agricultural Equipment Prop. Tax Exemption	Misc. Distributions
Jul-1965	3.0%	Bal.	\$500						2,3
Jul-1968	3.0%	Bal.	\$500		5.0%				3
Jul-1969	3.0%	Bal.	\$500		10.0%				3
Jul-1970	3.0%	Bal.	\$500		15.0%				3
Jul-1971	3.0%	Bal.	\$500		20.0%				3
Jul-1975	3.0%	Bal.	\$500		20.0%				3,5
Jul-1976	3.0%	Bal.	\$500		20.0%				3,5
Jul-1977	3.0%	Bal.	\$500		20.0%				3,4,5
Jul-1980	3.0%	Bal.	\$500		10.0%		10.0%		3,4,5
Mar-1983	4.0%	Bal.	\$500		10.0%		10.0%		3,4,5
Jun-1983	4.5%	Bal.	\$500		10.0%		10.0%		3,4,5
Jul-1984	4.0%	Bal.	\$500	6.25%	7.5%	\$4,800			4,5
Apr-1986	5.0%	Bal.	\$500	6.25%	7.5%	\$4,800			4,5
Jul-1987	5.0%	Bal.	\$500	7.75%	6.0%	\$4,800			4,5
Jul-1988	5.0%	Bal.	\$500	7.75%	6.0%	\$4,800			4,5,6
Jul-1995	5.0%	Bal.	\$500	7.75%	6.0%	\$4,800			4,5,6,7
Jul-1998	5.0%	Bal.	\$500	7.75%	6.0%	\$4,800			4,5,6
Jul-2000	5.0%	Bal.	\$5,000	13.75%	0.0%	\$4,800			4,5,6
May-2003	6.0%	Bal.	\$5,000	13.75%	0.0%	\$4,800			4,5,6
Jun-2003	6.0%	Bal.	\$5,000	11.50%	0.0%	\$4,800			4,5,6
Jul-2004	6.0%	Bal.	\$5,000	11.50%	0.0%	\$4,800		\$13,448	4,5,6
Jul-2005	5.0%	Bal.	\$5,000	11.50%	0.0%	\$4,800		\$13,448	4,5,6
Aug-2005	5.0%	Bal.	\$5,000	13.75%	0.0%	\$4,800		\$13,448	4,5,6
Oct-2006	6.0%	Bal.	\$5,000	13.75%	0.0%	\$4,800		\$13,448	4,5,6
Nov-2006	6.0%	Bal.	\$5,000	11.50%	0.0%	\$4,800		\$8,487	4,5,6
Jul-2007	6.0%	Bal.	\$5,000	11.50%	0.0%	\$4,800		\$8,487	4,5,6,8

1. For the period March 1983 through June 1984 this percentage was applied only to the 3% "base" sales tax rate. Beginning in 2000, this allocation was "folded into" the revenue sharing allocation.
2. Amount equal to one mill of all assessed property values distributed to Teachers Retirement System; \$1,000,000 lump sum (one-time) distribution to Tax Commission.
3. Amount equal to the sum required to be certified by the state controller distributed to the Social Security Trust Fund.
4. Amount equal to the sum required to be certified by the Idaho housing agency.
5. \$1.00 per registration fee on vehicle registration transfers that do not involve sales tax.
6. Amount certified by the Tax Commission as necessary to fund the Circuit Breaker.
7. Amount necessary to fund Property Tax Relief.
8. An amount equal to deposits into the Demonstration Pilot Project Fund.

Sales tax funds must be allocated to the Idaho Housing and Finance Association if, within 60 days of the close of the fiscal year, the Chairman of the Housing and Finance Association Board of Commissioners certifies to the State Tax Commission that a deficiency exists in the agency's Capital Reserve Fund. No such certification has ever been made, nor is one anticipated for the current fiscal year. Beginning in 1996, this provision is limited to no more than \$89 million. Also, it only applies to bonds issued prior to 1996, effectively repealing this provision for bonds issued on or after January 1, 1996.

Basis of Projection:

The projections of FY 2012 and FY 2013 net General Fund accruals from the sales tax are based on econometric analysis and judgment. Historic monthly gross collections data are first adjusted for changes in the tax rate and any major collection anomalies. Wages and housing forecasts from the *Idaho Economic Forecast* are then used to forecast gross sales tax collections. Historical refund levels and the current distribution formula are used to translate gross collections to net General Fund accruals. Judgmental considerations include the results of ongoing revenue monitoring.

Historical Data:

SALES TAX
(\$ THOUSANDS)

Year		Gross Collections	Distributions								Misc. Dist.			
			Refunds	Gen. Fund	Perm. Building Fund	Rev. Sharing	Alloc. To Counties	Water Pollution Control	Circuit Breaker	Property Tax Relief			Agricultural Equipment Prop. Tax	
FY70	Actual	\$41,678.2	\$61.6	\$33,055.0	\$500.0		\$4,161.7						\$3,899.9	1,2
FY71	Actual	45,368.6	101.9	34,076.7	500.0		6,790.0						3,900.0	1,2
FY72	Actual	51,704.1	81.1	36,967.1	500.0		10,324.6						3,831.3	1,2
FY73	Actual	60,999.6	70.3	43,281.3	500.0		12,186.1						4,961.9	1,2
FY74	Actual	69,833.3	340.7	49,250.0	500.0		13,898.5						5,844.1	1,2
FY75	Actual	79,108.7	100.4	57,022.8	500.0		15,801.7						5,683.8	1
FY76	Actual	88,874.0	137.5	63,650.6	500.0		17,747.3						6,838.6	1
FY77	Actual	103,859.6	219.2	73,594.5	500.0		20,728.1						8,817.8	1
FY78	Actual	118,866.2	157.0	84,107.4	500.0		23,741.8						10,360.0	1
FY79	Actual	129,906.4	205.9	91,463.6	500.0		25,940.1						11,796.8	1
FY80	Actual	137,113.9	264.5	95,984.6	500.0		27,369.9						12,994.9	1
FY81	Actual	145,008.0	220.5	97,679.3	500.0		14,476.0						32,132.2	1,2
FY82	Actual	146,206.9	311.8	98,720.2	500.0		14,607.4						32,067.5	1,2
FY83	Actual	165,441.1	181.2	115,407.0	500.0		15,266.3						34,086.6	1,2
FY84	Actual	241,838.4	596.2	188,422.1	500.0		16,192.2						36,127.9	1,2
FY85	Actual	238,544.3	449.7	200,026.6	500.0	\$14,876.1	17,851.5	\$4,800.0					40.4	3
FY86	Actual	250,490.1	516.8	211,564.2	500.0	15,036.7	18,044.1	4,800.0					28.3	3
FY87	Actual	297,892.0	538.4	259,358.6	500.0	14,853.3	17,827.1	4,800.0					14.6	3
FY88	Actual	311,391.2	672.5	258,770.8	500.0	24,084.4	18,637.1	4,800.0	\$3,890.1				36.2	3
FY89	Actual	346,682.3	882.4	288,780.3	500.0	26,785.4	20,737.1	4,800.0	4,171.7				25.4	3
FY90	Actual	383,096.0	1,664.0	319,290.7	500.0	29,540.7	22,870.2	4,800.0	4,335.5				94.9	3
FY91	Actual	404,146.4	3,403.1	335,739.5	500.0	31,036.1	24,028.3	4,800.0	4,491.1				148.3	3
FY92	Actual	435,715.5	1,799.1	364,323.0	500.0	33,612.2	26,022.6	4,800.0	4,606.1				52.5	3
FY93	Actual	481,357.9	1,163.9	402,819.5	500.0	37,195.6	28,796.9	4,800.0	6,031.2				50.8	3
FY94	Actual	541,503.6	1,739.0	452,684.8	500.0	41,789.3	32,353.2	4,800.0	7,504.3				132.9	3
FY95	Actual	576,202.9	1,767.4	481,958.1	500.0	44,500.8	34,452.2	4,800.0	8,241.1				-16.6	3
FY96	Actual	602,573.0	2,114.2	462,999.7	500.0	46,554.3	36,023.2	4,800.0	8,807.0	\$40,757.1			17.6	3
FY97	Actual	624,631.8	2,109.4	476,726.1	500.0	48,240.6	37,347.6	4,800.0	9,609.0	45,238.4			60.7	3
FY98	Actual	655,182.6	2,023.6	496,807.8	500.0	50,572.4	39,152.8	4,800.0	10,331.1	50,400.4			594.5	3
FY99	Actual	704,734.8	2,784.7	588,796.7	500.0	54,237.7	41,979.4	4,800.0	10,891.7	0.0			744.6	3
FY00	Actual	750,125.9	2,741.7	627,503.0	500.0	57,852.8	44,754.6	4,800.0	11,481.2	0.0			492.7	3
FY01	Actual	778,886.9	3,464.1	647,293.8	5,000.0	106,024.7	0.0	4,800.0	11,711.3	0.0			593.0	3
FY02	Actual	791,623.6	4,103.4	657,119.2	5,000.0	108,500.4	0.0	4,800.0	11,983.5	0.0			117.0	3
FY03	Actual	839,180.9	3,119.1	700,240.7	5,000.0	112,947.4	0.0	4,800.0	12,787.1	0.0			286.6	3
FY04	Actual	1,032,987.5	4,312.6	886,079.0	5,000.0	117,825.4	0.0	4,800.0	14,097.7	0.0			872.8	3
FY05	Actual	1,125,317.0	3,478.3	950,825.2	5,000.0	128,485.1	0.0	4,800.0	14,995.3	0.0	\$16,810.6	4	922.5	3
FY06	Actual	1,071,204.9	7,667.2	880,772.9	5,000.0	143,195.3	0.0	4,800.0	15,466.7	0.0	13,448.5		854.4	3
FY07	Actual	1,272,854.7	5,029.1	1,077,455.9	5,000.0	154,818.1	0.0	4,800.0	15,402.7	0.0	9,727.4		621.5	3
FY08	Actual	1,339,278.0	9,606.4	1,141,439.7	5,000.0	152,578.2	0.0	4,800.0	15,405.6	0.0	8,487.1		1,961.1	3,5
FY09	Actual	1,201,248.3	5,963.3	1,022,201.6	5,000.0	136,994.7	0.0	4,800.0	15,459.1	0.0	8,487.1		2,342.5	3,5
FY10	Actual	1,123,885.3	3,088.4	955,908.7	5,000.0	128,496.0	0.0	4,800.0	15,706.9	0.0	8,487.1		2,398.2	3,5
FY11	Actual	1,166,271.5	21,124.1	972,379.8	5,000.0	131,214.7	0.0	4,800.0	16,001.7	0.0	8,487.1		7,264.1	3,5
FY12	Projection	1,191,669.1	7,161.8	1,013,401.9	5,000.0	136,218.3	0.0	4,800.0	15,400.0	0.0	8,487.1		1,200.0	3,5
FY13	Projection	1,271,184.8	7,673.3	1,082,720.5	5,000.0	145,303.8	0.0	4,800.0	16,000.0	0.0	8,487.1		1,200.0	3,5

- 1. Social Security Trust.
- 2. Public School Income.
- 3. Multi-State Tax Compact.
- 4. Amount includes one extra quarterly payment.
- 5. Demonstration Pilot Project

CIGARETTE TAX

Description: (Title 63, Chapter 25, Idaho Code)

Idaho's cigarette tax rate is 57 cents per pack of 20 cigarettes. The Public School Income Fund (PSIF) and Department of Juvenile Corrections both receive 5.1746 cents per pack. The remaining amount per pack is distributed as follows: the Permanent Building Fund receives 17.3%; the Central Tumor Registry Fund receives 0.4% (to a maximum of the legislative appropriation); the Cancer Control Fund receives 1%; and the General Fund receives an amount needed to fund the Bond Levy Equalization Program. All remaining revenues flow to the Permanent Building Fund to be used to repair, remodel, and restore the Capitol and related facilities. After these projects are adequately funded, all remaining revenues will be redirected to the Economic Recovery Reserve Fund.

CIGARETTE TAX RATE AND DISTRIBUTION HISTORY

Effective Date	Rate per Cigarette			Distribution of Remaining Receipts					
	Total	PSIF	Juv. Prob. Svcs.	Gen. Fund	Central Tumor Reg. Fund ^{2,3}	Perm. Build. Fund ⁴	Water Poll. Control	Cancer Control Fund	Economic Recovery Reserve Fund
May-1945	\$0.001000			100.0%					
Jul-1947	<u>0.001500</u>			100.0%					
Jul-1955	<u>0.002000</u>			100.0%					
Jul-1959	<u>0.002500</u>			100.0%					
Jul-1961	<u>0.003000</u>			<u>\$0.00250</u>		<u>\$0.00050</u>			
Jul-1963	<u>0.003500</u>			<u>\$0.00300</u>		0.00050			
Jul-1972	<u>0.004550</u>			<u>\$0.00350</u>	<u>\$0.00005</u> to <u>\$40,000</u>	0.00050	<u>\$0.00050</u>		
Jul-1974	0.004550			Balance	1.099% to <u>\$40,000</u>	10.989%	10.989%		
Jul-1975	0.004550			Balance	1.099% to <u>\$55,000</u>	10.989%	10.989%		
Jul-1978	0.004550			Balance	1.099% to <u>\$70,000</u>	10.989%	10.989%		
Jul-1979	0.004550			Balance	1.099% to <u>\$70,000</u>	10.989%	10.989%	<u>3.645%</u>	
Jul-1980	0.004550			Balance	1.099% to <u>\$85,000</u>	10.989%	10.989%	3.645%	
Jul-1982	0.004550			Balance	1.099% to <u>\$95,000</u>	10.989%	10.989%	3.645%	
Jul-1984	0.004550			Balance	1.099% to <u>\$100,000</u>	10.989%	10.989%	3.645%	
Mar-1987	<u>0.009000</u> ¹			Balance ¹	1.099% to <u>\$100,000</u>	10.989%	10.989%	3.645%	
Jul-1987	0.009000			Balance	1.000% to <u>\$100,000</u>	43.300%	6.700%	<u>2.500%</u>	
Jul-1989	0.009000			Balance	1.000% to <u>\$110,000</u>	43.300%	6.700%	2.500%	
Jul-1994	<u>0.014000</u>	<u>\$0.00500</u>		Balance	1.000%	43.300%	6.700%	2.500%	
Mar-1995	0.014000	<u>0.002500</u>	<u>\$0.002500</u>	Balance	1.000%	43.300%	6.700%	2.500%	
Jul-2000	0.014000	0.002500	0.002500	Balance	1.000%	43.300%	<u>0.000%</u>	2.500%	
Jun-2003	<u>0.028500</u>	<u>0.002587</u>	<u>0.002587</u>	Balance	1.000%	43.300%	0.000%	2.500%	
Jul-2003	0.028500	0.002587	0.002587	<u>21.25% plus balance up to \$23.5 M</u>	<u>0.400%</u>	<u>17.300%</u>	<u>0.000%</u>	<u>1.000%</u>	<u>Balance above \$23.5M</u>
Jul-2004	0.028500	0.002587	0.002587	<u>21.25%</u>	<u>0.400%</u>	<u>17.300%</u>	<u>0.000%</u>	<u>1.000%</u>	<u>Balance</u>
Jul-2006	0.028500	0.002587	0.002587	<u>Bond Levy Equalization Appropriation</u>	<u>0.400%</u>	<u>17.300%</u>	<u>0.000%</u>	<u>1.000%</u>	
						<u>+ Balance</u>			
Jul-2007	0.028500	0.002587	0.002587	<u>Bond Levy Equalization Appropriation up to \$6.535 million.</u>	<u>0.400%</u>	<u>17.300%</u>	<u>0.000%</u>	<u>1.000%</u>	
						<u>+ Balance</u>			
Jul-2008	0.028500	0.002587	0.002587	<u>Bond Levy Equalization Appropriation up to \$7.770 million.</u>	<u>0.400%</u>	<u>17.300%</u>	<u>0.000%</u>	<u>1.000%</u>	
						<u>+ Balance</u>			
Jul-2009	0.028500	0.002587	0.002587	<u>Bond Levy Equalization Appropriation less Lottery Contribution.</u>	<u>0.400%</u>	<u>17.300%</u>	<u>0.000%</u>	<u>1.000%</u>	
						<u>+ Balance</u>			
Jul-2010	0.028500	0.002587	0.002587	<u>Bond Levy Equalization Appropriation of \$14.4 million.</u>	<u>0.400%</u>	<u>17.300%</u>	<u>0.000%</u>	<u>1.000%</u>	
						<u>+ Balance</u>			
Jul-2011	0.028500	0.002587	0.002587	<u>Bond Levy Equalization Appropriation of \$11.6 million.</u>	<u>0.400%</u>	<u>17.300%</u>	<u>0.000%</u>	<u>1.000%</u>	
						<u>+ Balance</u>			
Jul-2012	0.028500	0.002587	0.002587	<u>Bond Levy Equalization Appropriation less Lottery Contribution.</u>	<u>0.400%</u>	<u>17.300%</u>	<u>0.000%</u>	<u>1.000%</u>	
						<u>+ Balance</u>			

1. From March 1, 1987 to July 1, 1987 the additional \$.00445 was as all distributed to the General Fund.
 2. The Central Tumor Registry Fund receives the lesser of its percentage or its dollar cap.
 3. On July 1, 1994 the \$110,000 limit was replaced with a limit not to exceed the legislative appropriation.
 4. Receives balance until Capitol restoration is completed, then balance accrues to Economic Recovery Reserve Fund.

Basis of Projection:

The projections of General Fund revenues from this source for FY 2012 and FY 2013 are based on a subjective assessment of recent collections history, Idaho population growth, cigarette taxes in border states, and the trend toward decreased per capita cigarette consumption.

Historical Data:

CIGARETTE TAX
(\$ THOUSANDS)

Year		Gross Collections	Distributions																	
			Gen. Fund	Base Perm. Building Fund	Additional Perm. Building Fund	Refunds	Water Pollution Fund	Cancer Control Fund	Central Tumor Registry Fund	Public School Income Fund	County Juvenile Probation Fund	Economic Recovery Fund								
FY70	Actual	\$4,885.9	\$4,188.0	\$697.9	\$0.0															
FY71	Actual	5,173.4	4,434.4	739.0	0.0															
FY72	Actual	6,136.8	5,260.2	876.6	0.0															
FY73	Actual	8,074.5	6,248.4	867.1	0.0		\$919.1		\$40.0											
FY74	Actual	8,365.7	6,475.7	925.0	0.0		925.0		40.0											
FY75	Actual	8,544.4	6,599.6	939.1	0.0	\$26.6	939.1		40.0											
FY76	Actual	8,866.2	6,868.8	959.9	0.0	22.5	959.9		55.0											
FY77	Actual	8,980.5	6,926.6	983.8	0.0	31.3	983.8		55.0											
FY78	Actual	9,098.5	7,010.6	995.0	0.0	43.0	995.0		55.0											
FY79	Actual	8,919.2	6,841.5	974.2	0.0	59.2	974.2		70.0											
FY80	Actual	9,009.1	6,580.3	981.9	0.0	69.3	981.9	\$325.7	70.0											
FY81	Actual	9,331.1	6,802.3	1,017.8	0.0	70.7	1,017.8	337.6	85.0											
FY82	Actual	9,244.3	6,717.1	1,004.7	0.0	99.5	1,004.7	333.2	85.0											
FY83	Actual	9,288.9	6,746.1	1,010.8	0.0	91.0	1,010.8	335.3	95.0											
FY84	Actual	8,989.8	6,523.7	978.0	0.0	90.8	978.0	324.4	95.0											
FY85	Actual	8,854.8	6,405.2	960.1	0.0	114.9	960.1	318.5	96.0											
FY86	Actual	8,536.9	6,150.2	922.3	0.0	143.9	922.3	305.9	92.2											
FY87	Actual	10,552.8	8,193.4	911.8	0.0	142.2	911.8	302.4	91.2											
FY88	Actual	15,033.9	6,921.0	6,399.8	0.0	253.8	989.8	369.5	100.0											
FY89	Actual	14,782.8	6,792.8	6,283.4	0.0	271.6	972.3	362.8	100.0											
FY90	Actual	12,738.7	5,884.3	5,464.3	0.0	119.1	845.5	315.5	110.0											
FY91	Actual	14,696.2	6,863.4	6,356.8	0.0	15.4	983.6	367.0	110.0											
FY92	Actual	15,205.6	7,072.3	6,547.2	0.0	85.0	1,013.1	378.0	110.0											
FY93	Actual	15,029.6	6,995.1	6,490.5	0.0	40.0	1,004.3	374.7	125.0											
FY94	Actual	16,394.3	7,605.6	7,047.1	0.0	119.4	1,090.4	406.9	125.0											
FY95	Actual	23,270.6	7,245.6	6,733.5	0.0	63.8	1,041.9	388.8	141.0	\$6,537.6	\$1,118.4									
FY96	Actual	25,228.0	7,476.5	6,944.0	0.0	281.9	1,074.5	400.9	141.0	4,454.6	4,454.6									
FY97	Actual	25,053.3	7,486.5	6,953.0	0.0	74.7	1,075.9	401.4	141.0	4,460.4	4,460.4									
FY98	Actual	24,951.0	7,476.9	6,944.3	0.0	3.7	1,074.5	400.9	141.0	4,454.8	4,454.8									
FY99	Actual	24,195.2	7,230.0	6,732.5	0.0	8.9	1,041.7	388.7	155.5	4,318.9	4,318.9									
FY00	Actual	24,417.9	7,295.4	6,789.7	0.0	22.3	1,050.6	392.0	156.6	4,355.7	4,355.7									
FY01	Actual	23,550.6	7,980.8	6,495.7	0.0	214.9	0.0	375.0	150.0	4,167.1	4,167.1									
FY02	Actual	23,410.3	8,000.5	6,511.7	0.0	17.0	0.0	376.0	150.4	4,177.3	4,177.3									
FY03	Actual	24,215.0	8,259.9	6,722.9	0.0	63.1	0.0	388.2	155.3	4,312.8	4,312.8									
FY04	Actual	45,718.9	30,040.5	6,402.0	0.0	254.0	0.0	370.1	148.0	4,252.1	4,252.1									\$0.0
FY05	Actual	45,200.9	7,814.9	6,362.3	0.0	45.2	0.0	367.8	147.1	4,209.9	4,209.9									22,043.9
FY06	Actual	46,372.0	7,983.4	6,499.5	0.0	105.3	0.0	375.7	150.3	4,348.8	4,348.8									22,560.3
FY07	Actual	47,731.8	1,000.0	6,703.4	30,501.9	8.8	0.0	387.5	155.0	4,487.6	4,487.6									0.0
FY08	Actual	46,216.4	6,535.0	6,486.7	23,948.9	106.2	0.0	375.0	150.0	4,307.3	4,307.3									0.0
FY09	Actual	44,391.9	7,770.0	6,233.1	21,521.8	4.4	0.0	360.3	144.1	4,179.1	4,179.1									0.0
FY10	Actual	39,697.2	16,900.0	5,563.3	9,244.4	39.4	0.0	321.6	128.6	3,749.9	3,749.9									0.0
FY11	Actual	39,476.7	14,400.0	5,540.1	11,635.1	16.1	0.0	320.2	128.1	3,718.6	3,718.6									0.0
FY12	Projection	39,990.6	11,600.0	5,604.5	14,738.0	85.8	0.0	324.0	129.6	3,754.3	3,754.3									0.0
FY13	Projection	38,844.0	8,100.0	5,443.4	17,480.9	85.8	0.0	314.6	125.9	3,646.7	3,646.7									0.0

TOBACCO PRODUCTS TAX

Description: (Title 63, Chapter 25, *Idaho Code*)

Idaho levies a 35% tax on the wholesale price of tobacco products, except for cigarettes. This entire amount, net of refunds, is remitted to the General Fund. An additional 5% of the wholesale price is also collected. Half of this additional amount is earmarked for the Public School Income Fund, with \$250,000 appropriated to Idaho State Police. The other half of the 5% collected is distributed to the Department of Juvenile Corrections for county juvenile probation services.

TOBACCO TAX RATE AND DISTRIBUTION HISTORY

Effective Date	Percent of Wholesale Price Distributed to Fund			
	Water Pollution Control	General Fund	Public School Income	Dept. of Juvenile Corr.
Jul-1972	35.0%	0.0%	0.0%	0.0%
Jul-1994	35.0%	0.0%	5.0%	0.0%
Mar-1995	35.0%	0.0%	2.5%	2.5%
Jul-1996	35.0%	0.0%	2.5% ¹	2.5%
Jul-2000	0.0%	35.0%	2.5% ¹	2.5%

1. \$250,000 of this amount goes to Idaho State Police.

Basis of Projection:

The projections of General Fund revenues from this source for FY 2012 and FY 2013 are based on a subjective assessment of recent collections history and forecasted national tobacco expenditures.

Historical Data:

TOBACCO TAX

\$ THOUSANDS

Year		Gross Collections	Distributions				
			Gen. Fund	Refunds	Water Pollution Fund	Public School Income Fund	County Juvenile Probation Fund
FY70	Actual		0.0			0.0	0.0
FY71	Actual		0.0			0.0	0.0
FY72	Actual		0.0			0.0	0.0
FY73	Actual		0.0			0.0	0.0
FY74	Actual		0.0			0.0	0.0
FY75	Actual		0.0			0.0	0.0
FY76	Actual		0.0			0.0	0.0
FY77	Actual		0.0			0.0	0.0
FY78	Actual		0.0			0.0	0.0
FY79	Actual		0.0			0.0	0.0
FY80	Actual		0.0			0.0	0.0
FY81	Actual		0.0			0.0	0.0
FY82	Actual		0.0			0.0	0.0
FY83	Actual		0.0			0.0	0.0
FY84	Actual		0.0			0.0	0.0
FY85	Actual		0.0			0.0	0.0
FY86	Actual	\$1,350.7	\$0.0	\$7.7	\$1,343.0	\$0.0	\$0.0
FY87	Actual	1,401.4	0.0	1.3	1,400.1	0.0	0.0
FY88	Actual	1,533.2	0.0	1.6	1,531.5	0.0	0.0
FY89	Actual	1,556.8	0.0	0.1	1,556.7	0.0	0.0
FY90	Actual	1,778.4	0.0	3.9	1,774.5	0.0	0.0
FY91	Actual	1,934.4	0.0	49.4	1,885.0	0.0	0.0
FY92	Actual	2,235.8	0.0	4.3	2,231.5	0.0	0.0
FY93	Actual	2,475.5	0.0	5.6	2,469.9	0.0	0.0
FY94	Actual	2,874.6	0.0	15.5	2,859.0	0.0	0.0
FY95	Actual	3,605.4	0.0	2.3	3,167.1	381.8	54.2
FY96	Actual	3,825.7	0.0	5.0	3,343.1	238.8	238.8
FY97	Actual	4,001.8	0.0	89.3	3,423.4	244.5	244.5
FY98	Actual	4,070.5	0.0	56.0	3,512.7	250.9	250.9
FY99	Actual	4,307.6	0.0	3.2	3,766.4	269.0	269.0
FY00	Actual	4,391.1	0.0	7.3	3,835.8	274.0	274.0
FY01	Actual	4,723.0	4,062.8	79.8	0.0	290.2	290.2
FY02	Actual	4,946.8	4,313.1	17.5	0.0	308.1	308.1
FY03	Actual	5,336.8	4,666.1	4.2	0.0	333.3	333.3
FY04	Actual	6,285.5	5,489.1	12.2	0.0	392.1	392.1
FY05	Actual	6,582.7	5,747.4	14.1	0.0	410.5	410.5
FY06	Actual	7,041.4	6,156.0	6.0	0.0	439.7	439.7
FY07	Actual	7,531.4	6,548.2	47.8	0.0	467.7	467.7
FY08	Actual	8,349.6	7,200.5	120.4	0.0	514.3	514.3
FY09	Actual	8,467.0	7,358.3	57.5	0.0	525.6	525.6
FY10	Actual	8,961.9	7,819.0	25.9	0.0	558.5	558.5
FY11	Actual	9,849.1	8,475.5	162.8	0.0	605.4	605.4
FY12	Projection	10,308.7	8,996.6	23.5	0.0	644.3	644.3
FY13	Projection	10,298.2	8,987.4	23.5	0.0	643.6	643.6

BEER TAX

Description: (Title 23, Chapter 10, *Idaho Code*)

A total tax of \$4.65 per 31-gallon barrel, or its equivalent, is levied on beer sold in Idaho. Beer containing more than 4% alcohol by weight is considered to be wine for tax purposes. Of the total beer tax, 20% is distributed to the Substance Abuse Treatment Fund, 33% to the Permanent Building Fund, and the remainder (47%) to the General Fund. Historical rates of the tax and its distribution are listed below.

BEER TAX RATE AND DISTRIBUTION HISTORY

Effective Date	Rate Per 31 Gal. Barrel	Distribution Mechanism
Mar-1935	\$1.55	50% to General Fund (GF); 50% to Public School Income Fund.
Jul-1939	\$1.55	100% to GF.
Jul-1947	\$3.10	100% to GF.
Jul-1961	\$4.65	\$3.10 to GF; \$1.55 to Permanent Building Fund (PBF).
Jul-1980	\$4.65	\$2.17 to GF; \$1.55 to PBF; \$.93 to Alcoholism Treatment Fund (ATF).
Jul-1986	\$4.65	47% to GF; 33% to PBF; 20% to ATF.
Jul-2007	\$4.65	47% to GF; 33% to PBF; 20% to Substance Abuse Treatment Fund (SATF).

Basis of Projection:

The projections of General Fund revenue from this source for FY 2012 and FY 2013 are based on an assessment of recent collections, Idaho personal income, and a trend factor.

Historical Data:

BEER TAX
(\$ THOUSANDS)

Year		Gross Collections	Distributions				
			Gen. Fund	Perm. Building Fund	Refunds	Alcoholism Treatment Fund	Substance Abuse Treatment Fund
FY70	Actual	\$1,989.6	\$1,326.5	\$663.1			
FY71	Actual	2,097.3	1,398.3	699.1			
FY72	Actual	2,316.1	1,544.1	772.0			
FY73	Actual	2,564.2	1,709.6	854.5			
FY74	Actual	2,690.0	1,793.4	896.5			
FY75	Actual	2,938.3	1,959.0	979.3			
FY76	Actual	3,062.9	2,023.2	1,011.6	\$28.1		
FY77	Actual	3,241.1	2,144.3	1,072.0	24.8		
FY78	Actual	3,326.7	2,200.7	1,100.3	25.7		
FY79	Actual	3,466.0	2,291.6	1,145.7	28.6		
FY80	Actual	3,516.2	2,326.4	1,163.2	26.6		
FY81	Actual	3,215.4	1,498.8	1,068.9	4.7	\$642.9	
FY82	Actual	3,574.6	1,669.0	1,190.5	0.9	714.3	
FY83	Actual	3,532.0	1,650.3	1,176.0	0.0	705.6	
FY84	Actual	3,442.5	1,607.0	1,147.1	0.0	688.3	
FY85	Actual	3,422.2	1,597.5	1,140.1	0.5	684.1	
FY86	Actual	3,312.6	1,545.5	1,103.5	1.6	662.1	
FY87	Actual	3,311.6	1,554.9	1,091.8	3.2	661.7	
FY88	Actual	3,251.7	1,527.6	1,072.6	1.4	650.0	
FY89	Actual	3,244.5	1,509.9	1,060.1	31.9	642.5	
FY90	Actual	3,304.6	1,552.1	1,089.8	2.2	660.5	
FY91	Actual	3,414.7	1,602.5	1,125.2	5.1	681.9	
FY92	Actual	3,525.6	1,656.9	1,163.4	0.3	705.1	
FY93	Actual	3,621.6	1,701.6	1,194.7	1.2	724.1	
FY94	Actual	3,643.1	1,711.8	1,201.9	1.0	728.4	
FY95	Actual	3,521.7	1,654.1	1,161.4	2.3	703.9	
FY96	Actual	3,455.6	1,620.9	1,138.1	7.0	689.7	
FY97	Actual	3,468.6	1,629.9	1,144.4	0.8	693.6	
FY98	Actual	3,445.8	1,619.4	1,137.0	0.2	689.1	
FY99	Actual	3,585.6	1,683.9	1,182.3	2.8	716.5	
FY00	Actual	3,737.0	1,754.2	1,231.7	4.6	746.5	
FY01	Actual	3,866.4	1,816.5	1,275.4	1.4	773.0	
FY02	Actual	3,993.7	1,876.7	1,317.7	0.6	798.6	
FY03	Actual	4,070.9	1,912.8	1,343.1	1.0	814.0	
FY04	Actual	4,159.9	1,955.0	1,372.7	0.3	831.9	
FY05	Actual	4,142.1	1,946.3	1,366.6	1.0	828.2	
FY06	Actual	4,245.6	1,985.5	1,394.0	21.2	844.9	
FY07	Actual	4,542.1	2,133.5	1,498.0	2.6	907.9	
FY08	Actual	4,587.6	2,147.6	1,507.9	18.3	0.0	\$913.9
FY09	Actual	4,353.8	2,038.8	1,431.5	15.9	0.0	867.6
FY10	Actual	4,404.2	2,069.7	1,453.2	0.5	0.0	880.7
FY11	Actual	4,213.9	1,971.1	1,383.9	20.1	0.0	838.8
FY12	Projection	4,296.1	2,017.6	1,416.6	3.3	0.0	858.6
FY13	Projection	4,362.4	2,048.8	1,438.5	3.3	0.0	871.8

WINE TAX

Description: (Title 23, Chapter 13, *Idaho Code*)

A tax of 45 cents per gallon is levied on wine (and beer containing more than 4% alcohol by weight) sold in Idaho. Of the total wine tax, 12% is distributed to the Substance Abuse Treatment Fund, 5% to the Idaho Grape Growers and Wine Producers Commission Fund, and the remainder (83%) to the General Fund. Historical rates of the tax and its distribution are listed in the table below.

WINE TAX RATE AND DISTRIBUTION HISTORY

Effective Date	Rate Per Gallon	State of Origin	Distribution Mechanism
Jul-1971	\$0.45	All	100% to General Fund (GF).
Jul-1980	\$0.45	All	\$0.40 to GF; \$0.05 to Alcoholism Treatment Fund (ATF).
Jul-1984	\$0.20	Idaho	\$0.15 to GF; \$0.05 to ATF.
	\$0.45	Non-Idaho	\$0.40 to GF; \$0.05 to ATF.
Jul-1986	\$0.20	Idaho	88% to GF; 12% to ATF.
	\$0.45	Non-Idaho	88% to GF; 12% to ATF.
Jul-1988	\$0.45	All	88% to GF; 12% to ATF.
Jul-1994	\$0.45	All	83% to GF; 12% to ATF; 5% to Idaho Grape Growers & Wine Producers Commission Fund.
Jul-2007	\$0.45	All	83% to GF; 12% to Substance Abuse Treatment Fund (SATF); 5% to Idaho Grape Growers & Wine Producers Commission Fund.

Basis of Projection:

The projections of General Fund revenue from this source for FY 2012 and FY 2013 are based on a subjective assessment of recent collection history, the rising popularity of microbrewery beers, and Idaho population growth.

Historical Data:

WINE TAX
(\$ THOUSANDS)

Year		Gross Collections	Distributions				
			Gen. Fund	Refunds	Alcoholism Treatment Fund	Substance Abuse Treatment Fund	ID Grape Growers & Wine Producers Commission Fund
FY70	Actual	\$0.0	\$0.0				
FY71	Actual	0.0	0.0				
FY72	Actual	394.9	394.9				
FY73	Actual	437.1	437.1				
FY74	Actual	425.5	425.5				
FY75	Actual	457.7	457.7				
FY76	Actual	488.5	470.7	\$17.8			
FY77	Actual	502.3	485.6	16.7			
FY78	Actual	591.6	573.0	18.6			
FY79	Actual	652.5	632.1	20.4			
FY80	Actual	657.6	629.5	28.1			
FY81	Actual	609.0	526.9	14.6	\$67.5		
FY82	Actual	759.1	675.3	0.0	83.8		
FY83	Actual	778.1	692.2	0.0	85.9		
FY84	Actual	837.5	744.7	0.0	92.9		
FY85	Actual	872.4	767.0	6.2	99.2		
FY86	Actual	955.2	844.7	0.9	109.6		
FY87	Actual	985.4	862.1	5.7	117.6		
FY88	Actual	989.1	866.7	4.2	118.2		
FY89	Actual	905.9	788.7	9.6	107.6		
FY90	Actual	880.7	771.3	4.2	105.2		
FY91	Actual	853.2	750.1	0.8	102.3		
FY92	Actual	907.1	753.1	51.3	102.7		
FY93	Actual	856.4	750.5	3.5	102.3		
FY94	Actual	918.4	806.2	2.2	109.9		
FY95	Actual	1,375.5	1,140.5	0.7	165.0		\$69.3
FY96	Actual	1,840.4	1,524.1	4.2	220.3		91.8
FY97	Actual	2,005.4	1,663.7	1.0	240.5		100.2
FY98	Actual	2,170.7	1,800.8	1.0	260.4		108.5
FY99	Actual	2,294.1	1,904.0	0.2	275.3		114.7
FY00	Actual	2,375.4	1,963.1	10.2	283.8		118.3
FY01	Actual	2,295.5	1,898.2	8.5	274.4		114.3
FY02	Actual	2,300.8	1,884.8	30.0	272.5		113.5
FY03	Actual	2,372.7	1,969.0	0.4	284.7		118.6
FY04	Actual	2,576.9	2,138.0	1.0	309.1		128.8
FY05	Actual	2,810.1	2,331.8	0.7	337.1		140.5
FY06	Actual	2,947.2	2,428.1	21.8	351.0		146.3
FY07	Actual	3,006.2	2,483.2	14.3	359.0		149.6
FY08	Actual	3,124.9	2,581.7	14.4	0.0	\$373.3	155.5
FY09	Actual	3,964.7	3,280.1	12.9	0.0	474.2	197.6
FY10	Actual	3,636.2	3,000.2	21.5	0.0	433.8	180.7
FY11	Actual	3,880.8	3,210.7	12.5	0.0	464.2	193.4
FY12	Projection	3,977.0	3,294.8	7.4	0.0	476.4	198.5
FY13	Projection	4,104.6	3,400.7	7.4	0.0	491.7	204.9

KILOWATT-HOUR TAX

Description: (Title 63, Chapter 27, *Idaho Code*)

Revenue is derived from a one-half mill (\$0.0005) per kilowatt-hour tax on hydro-generated electricity in Idaho. Electricity used by industrial consumers and for irrigation is exempt from this tax. All collections accrue to the General Fund. This tax has been levied since July 1, 1931.

Basis of Projection:

Kilowatt-hour tax receipts for FY 2012 and FY 2013 are based on an assessment of recent collection history in comparison to river flows and water availability.

Historical Data:

KILOWATT-HOUR TAX
(\$ THOUSANDS)

Year		Gross Collections	Distributions	
			Refunds	Gen. Fund
FY70	Actual	\$403.3		\$403.3
FY71	Actual	575.0		575.0
FY72	Actual	550.3		550.3
FY73	Actual	826.1		826.1
FY74	Actual	592.8		592.8
FY75	Actual	408.1		408.1
FY76	Actual	1,255.7	\$88.4	1,167.3
FY77	Actual	597.1	0.1	597.0
FY78	Actual	510.4	0.0	510.4
FY79	Actual	1,651.8	0.0	1,651.8
FY80	Actual	1,404.9	0.0	1,404.9
FY81	Actual	1,607.5	0.0	1,607.5
FY82	Actual	1,755.6	0.0	1,755.6
FY83	Actual	2,176.9	0.0	2,176.9
FY84	Actual	2,412.7	0.0	2,412.7
FY85	Actual	2,270.6	0.0	2,270.6
FY86	Actual	2,100.9	0.0	2,100.9
FY87	Actual	1,819.2	0.0	1,819.2
FY88	Actual	1,487.0	0.0	1,487.0
FY89	Actual	1,593.6	0.0	1,593.6
FY90	Actual	1,677.0	0.0	1,677.0
FY91	Actual	1,783.2	0.0	1,783.2
FY92	Actual	1,615.8	5.3	1,610.5
FY93	Actual	1,478.7	29.4	1,449.3
FY94	Actual	2,125.0	37.0	2,088.0
FY95	Actual	1,686.5	0.0	1,686.5
FY96	Actual	2,947.0	57.1	2,889.9
FY97	Actual	2,973.6	0.0	2,973.6
FY98	Actual	3,239.9	0.0	3,239.9
FY99	Actual	2,885.7	0.0	2,885.7
FY00	Actual	2,800.4	35.0	2,765.4
FY01	Actual	1,796.3	0.0	1,796.3
FY02	Actual	1,794.7	0.0	1,794.7
FY03	Actual	1,803.7	6.7	1,797.0
FY04	Actual	1,827.0	0.0	1,827.0
FY05	Actual	1,534.4	0.0	1,534.4
FY06	Actual	2,285.2	0.0	2,285.2
FY07	Actual	2,259.2	0.0	2,259.2
FY08	Actual	1,599.2	0.0	1,599.2
FY09	Actual	2,018.2	0.0	2,018.2
FY10	Actual	2,138.2	0.0	2,138.2
FY11	Actual	2,430.0	0.0	2,429.9
FY12	Projection	2,700.0	0.0	2,700.0
FY13	Projection	2,200.0	0.0	2,200.0

MINE LICENSE TAX

Description: (Title 47, Chapter 12, *Idaho Code*)

Revenue is derived from a 1% "profit" tax on Idaho mining operations. This tax has been levied since 1935. It was initially set at 3%. It was lowered to 2% in 1972 and lowered again to 1% in 2002. For mining operations without a cyanidation facility, 66% of the collections accrue to the General Fund and the remainder (34%) goes to the Abandoned Mine Reclamation Fund. The distribution for the mine license tax collected from mining operations with cyanidation facilities is slightly different. Thirty-three percent of the tax collections from operations with a cyanidation facility are distributed to the General Fund, 33% goes to the Cyanidation Facility Closure Fund, and the remainder (34%) goes to the Abandoned Mine Reclamation Fund. The sharp General Fund increase in FY 1999 and the sharp refund increase in FY 2000 are due to a large payment (\$1.25 million) that was made under protest in FY 1999 then refunded in FY 2000.

Basis of Projection:

The projections of General Fund revenue from this source for FY 2012 and FY 2013 are based on a subjective assessment of recent collections history, the current and future levels of employment in mining, and relative mineral prices.

Historical Data:

MINE LICENSE TAX
(\$ THOUSANDS)

Year		Gross Collections	Distributions		
			Refunds	Cyanidation Facility Closure Fund	Abandoned Mine Reclamation Fund
FY70	Actual	\$264.1			\$264.1
FY71	Actual	268.2			268.2
FY72	Actual	152.9			152.9
FY73	Actual	73.9			73.9
FY74	Actual	192.8			192.8
FY75	Actual	482.0			482.0
FY76	Actual	413.6	\$8.1		405.5
FY77	Actual	203.2	0.4		202.8
FY78	Actual	273.5	4.3		269.2
FY79	Actual	552.3	1.4		551.0
FY80	Actual	1,905.9	0.4		1,905.5
FY81	Actual	2,145.2	27.6		2,117.6
FY82	Actual	2,449.4	4.7		2,444.7
FY83	Actual	687.6	14.3		673.3
FY84	Actual	1,106.2	0.9		1,105.3
FY85	Actual	676.1	90.9		585.2
FY86	Actual	380.6	12.0		368.7
FY87	Actual	283.5	0.3		283.2
FY88	Actual	570.8	0.0		570.8
FY89	Actual	215.8	2.6		213.2
FY90	Actual	278.0	25.0		253.0
FY91	Actual	471.8	1.0		470.9
FY92	Actual	588.7	3.1		585.7
FY93	Actual	441.7	331.8		109.9
FY94	Actual	487.6	14.4		473.2
FY95	Actual	291.0	1.2		289.9
FY96	Actual	800.8	0.0		800.8
FY97	Actual	764.7	101.4		663.4
FY98	Actual	1,101.3	140.8		960.5
FY99	Actual	2,241.0	258.1		1,982.9
FY00	Actual	1,038.3	1,344.4		\$353.0 -659.1
FY01	Actual	245.3	64.5		61.5 119.3
FY02	Actual	1,236.8	0.3		420.4 816.0
FY03	Actual	107.2	53.1		18.4 35.7
FY04	Actual	115.3	6.3		37.0 71.9
FY05	Actual	53.2	3.0	\$0.0	17.1 33.1
FY06	Actual	404.8	2.1	0.0	136.9 265.8
FY07	Actual	3,569.8	16.4	0.0	1,208.1 2,345.2
FY08	Actual	3,829.5	3.9	0.0	1,300.7 2,524.9
FY09	Actual	1,430.0	3.1	0.0	485.2 941.8
FY10	Actual	2,723.3	0.5	0.0	925.8 1,797.1
FY11	Actual	2,417.8	90.4	0.0	791.3 1,536.1
FY12	Projection	2,289.7	17.0	0.0	772.7 1,500.0
FY13	Projection	2,668.5	17.0	0.0	901.5 1,750.0

LIQUOR FUND

Description: (Title 23, Chapters 2 and 4, *Idaho Code*)

Gross revenue is derived from liquor sold by the State Liquor Division. Two percent of gross liquor revenue is dedicated to the Drug Court, Mental Health Court, and Family Court Services Fund. From FY 2008 to FY 2009, 60% of the Liquor Division's net profits were distributed to cities and counties. The remaining 40% of net profits were distributed as follows: \$1.8 million to cities and counties; \$2.08 million to the Substance Abuse Treatment Fund; \$0.6 million to the Community College Fund; \$1.2 million to the Public School Income Fund; \$0.65 million to the Cooperative Welfare Fund; \$0.68 million to the Drug Court, Mental Health Court and Family Court Services Fund; \$0.44 million to the Drug and Mental Health Court Supervision Fund; and the remainder of this portion to the General Fund.

The distribution formula changed beginning with FY 2010. Over the five-year period covering FY 2010 to FY 2014, the cities and counties 60% share of net profits will drop by two-percentage points per year to 50%. The other 40% share of profits rises annually in two-percentage point increments to 50% over this same period. This portion of the total net profits will be distributed as follows: \$2.08 million to the Substance Abuse Treatment Fund; \$0.6 million to the Community College Fund; \$1.2 million to the Public School Income Fund; \$0.65 million to the Cooperative Welfare Fund; \$0.68 million to the Drug Court, Mental Health Court and Family Court Services Fund; \$0.44 million to the Drug and Mental Health Court Supervision Fund; and the remainder of this portion to the General Fund.

Historical Data:

LIQUOR FUND
(\$ THOUSANDS)

Year		Gross Dist.	Distributions													Cities & Counties	
			General Fund	Alcohol Treat. Fund	Community College Fund	Coop. Welfare Fund	Public School Fund	Budget Reserve Fund	Permanent Building Fund	Drug Cr. & Family Cr. Fund	Mental Health Cr. Svcs. Fund	Water Res. Rev. Dev. Fund	Warehouse Remodel Fund	Substance Abuse Treat. Fund	Drug & Mental Health Cr. Super. Fund		
FY70	Actual	\$7,116.0	\$1,910.4														
FY71	Actual	8,228.1	2,005.5														
FY72	Actual	8,686.9	2,401.0														
FY73	Actual	10,497.1	2,814.7														
FY74	Actual	10,739.6	2,961.7														
FY75	Actual	9,445.4	2,517.4														
FY76	Actual	11,371.8	2,786.1														
FY77	Actual	10,569.5	2,883.4														
FY78	Actual	11,241.4	3,192.7														
FY79	Actual	12,138.3	3,369.9														
FY80	Actual	13,490.0	3,529.6														
FY81	Actual	14,378.7	3,741.8														
FY82	Actual	12,914.8	3,948.1														
FY83	Actual	15,487.2	3,700.0														
FY84	Actual	15,170.2	3,820.0														
FY85	Actual	12,780.1	4,945.0	\$1,200.0	\$300.0	\$650.0	\$1,200.0										\$4,485.1
FY86	Actual	12,294.5	4,945.0	1,200.0	300.0	650.0	1,200.0										3,999.5
FY87	Actual	12,294.8	4,945.0	1,200.0	300.0	650.0	1,200.0										3,999.8
FY88	Actual	10,795.0	4,945.0	1,200.0	300.0	650.0	1,200.0										2,500.0
FY89	Actual	11,377.9	4,945.0	1,200.0	300.0	650.0	1,200.0										3,082.9
FY90	Actual	12,425.0	4,945.0	1,200.0	300.0	650.0	1,200.0										4,130.0
FY91	Actual	12,268.3	4,945.0	1,200.0	300.0	650.0	1,200.0										3,973.3
FY92	Actual	12,999.1	4,945.0	1,200.0	300.0	650.0	1,200.0										4,704.1
FY93	Actual	12,802.8	4,945.0	1,200.0	300.0	650.0	1,200.0										4,507.8
FY94	Actual	26,149.3	4,945.0	1,200.0	300.0	650.0	1,200.0	\$6,255.8									11,178.5
FY95	Actual	18,449.3	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0									10,154.3
FY96	Actual	16,578.1	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0									8,283.1
FY97	Actual	17,417.3	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0									9,122.3
FY98	Actual	16,605.7	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0									8,310.7
FY99	Actual	18,584.1	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0									10,289.1
FY00	Actual	19,891.7	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0	\$1,000.0								10,596.7
FY01	Actual	20,293.9	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0	0.0								11,998.9
FY02	Actual	21,100.7	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0	0.0								12,805.7
FY03	Actual	23,163.0	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0	0.0								14,868.0
FY04	Actual	27,775.0	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0	0.0	\$2,050.0							17,430.0
FY05	Actual	33,826.0	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0	0.0	1,811.0	\$7,200.0						16,520.0
FY06	Actual	29,737.1	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0	0.0	2,082.1	0.0	\$2,000.0					17,360.0
FY07	Actual	42,512.6	10,242.2	1,200.0	300.0	650.0	1,200.0	0.0	0.0	2,313.9	0.0	2,000.0					24,606.6
FY08	Actual	43,774.3	8,378.5	0.0	300.0	650.0	1,200.0	0.0	0.0	3,188.9	0.0	3,245.4	\$2,080.0		\$440.0		24,291.5
FY09	Actual	44,475.7	9,294.0	0.0	600.0	650.0	1,200.0	0.0	0.0	3,315.7	0.0	0.0	2,080.0		440.0		26,896.0
FY10	Actual	44,091.4	11,394.0	0.0	600.0	650.0	1,200.0	0.0	0.0	3,301.4	0.0	0.0	2,080.0		440.0		24,426.0
FY11	Actual	49,698.6	14,761.4	0.0	600.0	650.0	1,200.0	0.0	0.0	3,416.6	0.0	0.0	2,080.0		440.0		26,550.6
FY12	Projection	52,972.8	17,248.0	0.0	600.0	650.0	1,200.0	0.0	0.0	3,552.8	0.0	0.0	2,080.0		440.0		27,202.0
FY13	Projection	53,001.0	18,377.0	0.0	600.0	650.0	1,200.0	0.0	0.0	3,625.0	0.0	0.0	2,080.0		440.0		26,029.0

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For more information, please contact the Idaho Division of Financial Management.

INTEREST EARNINGS

Description: (Title 67, Chapter 12, *Idaho Code*)

State Treasurer's interest income is derived from investments of idle state funds. Investments are made in time certificates of deposit, U.S. Treasury bills, and repurchase agreements. The earnings from these investments are related to short-term interest rates, coupled with the amount of fund balances available for the Treasurer to invest. All net interest earnings, except those derived from the trust and agency funds, accrue to the General Fund. Beginning in FY 2000, all interest earned on the Permanent Building Fund balance is retained by that fund instead of being paid to the General Fund. In addition, beginning in FY 2000, the Treasurer is allowed to invest in certain corporate financial instruments and United States Small Business Administration Loans.

For historical data see the "Miscellaneous Revenues" table.

Basis of Projection:

The projections of General Fund revenue from this source for FY 2012 and FY 2013 are based on an assessment of the State Treasurer's fund balances, forecasts of interest rates, and agency expectations. The FY 2012 projection includes the approximately \$541,000 net cost associated with the issuance of this year's tax anticipation note. The FY 2013 projection does not include tax anticipation note earnings.

COURT FEES AND FINES

Description: (Sections 1-402 and 19-4705, *Idaho Code*)

Revenues are derived from court fees and from 8.6% of all fines and forfeitures collected pursuant to the judgment of any court of the state. In the case of Fish and Game law violations, 2.5% goes to the General Fund.

For historical data see the "Miscellaneous Revenues" table.

Basis of Projection:

The projections of General Fund revenue from this source for FY 2012 and FY 2013 are based on an assessment of recent collection history, fee changes, and Idaho population growth.

INSURANCE PREMIUM TAX

Description: (Title 41, Chapters 4, 34, and 39, *Idaho Code*)

The phase in to a single insurance premium tax rate of 1.5% for net direct insurance premiums written in the state was completed in CY 2010. The 2.75% insurance premium tax rate was reduced to 1.5% over the six-year period beginning with CY 2005. Specifically, the insurance premium tax was 2.5% in CY 2005, 2.3% in CY 2006, 2.1% in CY 2007, 1.9% in CY 2008, 1.7% in CY 2009, and 1.5% in CY 2010. The rate for companies holding Idaho-based assets was increased from 1.4% to 1.5% over the five-year period beginning with CY 2006. This rate was 1.4% in CY 2005, 1.42% in CY 2006, 1.44% in CY 2007, 1.46% in CY 2008, 1.48% in CY 2009, and 1.5% in CY 2010. The premium tax rate for surplus lines of insurance has been 1.5% since CY 2007.

In 2007, legislation was passed that allows all dental coverage carriers to be taxed four cents per subscriber contract per month. Prior to this change, some dental carriers were subject to premium taxes calculated by applying the premium tax rate to the value of premiums.

Premium taxes are collected on a quarterly prepayment basis based upon a percentage of the previous year's business and current year's tax rate. Prepayment percentages are 60% in June, 20% in September, and 15% in December, with the balance due in March. The fire insurance premium tax collections are dedicated to the Firemen's Retirement Fund. Up to 20% of the tax collections can be directed to the Insurance Refund Fund. However, the amount in the Insurance Refund Fund that exceeds \$40,000 at the end of the fiscal year is transferred to the General Fund.

Net premium taxes are distributed as follows. Twenty-five percent of the net tax collected in excess of \$45 million is paid to the Idaho High Risk Individual Reinsurance Pool. Twenty-five percent of the tax in excess of \$55 million accrues to the Idaho Health Insurance Access Card Fund. The remaining net tax collections go to the General Fund.

The Department of Insurance collects a variety of filing and license fees. These revenues are dedicated to the Insurance Administration Fund to fund operations of the Department of Insurance. At the beginning of each fiscal year, any balance in the Insurance Administration Fund exceeding the current year appropriation by 25% is transferred to the General Fund. Any such transfer is not included in the insurance premium tax, but is recorded as a miscellaneous agency transfer.

For historical data see the "Miscellaneous Revenues" table.

Basis of Projection:

The projections of General Fund revenue from this source for FY 2012 and FY 2013 are based on forecasts of insurance premium growth, trends in insurance rates and coverage, agency records of insurers qualifying for the lower rate, and company insolvencies that result in credits taken for guaranty association assessments. These variables and parameters are then run through a simulation model of the cash-flow process to capture the effects on prepayment, filing reconciliation collections, and refunds.

ALCOHOLIC BEVERAGE LICENSES

Description: (Title 23, Chapters 9, 10, and 13, *Idaho Code*)

Revenue is derived from the sale of alcoholic beverage licenses to retailers, wholesalers, and manufacturers at a standard fee.

For historical data see the "Miscellaneous Revenues" table.

Basis of Projection:

The projections of General Fund revenue from this source for FY 2012 and FY 2013 are based on a subjective assessment of recent collection history and Idaho population growth.

UNCLAIMED PROPERTY

Description: (Title 14, Chapter 5, *Idaho Code*)

Unclaimed property from bank accounts, safe deposit boxes, travelers' checks, life insurance policies, utility deposits, and the like accrue to the state after certain holding periods. Beginning in FY 1983, amounts in the Unclaimed Property Fund exceeding \$100,000 were transferred to the General Fund. Prior to that time, the excess was transferred to the Permanent Building Fund. Beginning in FY 1995, the Tax Commission transferred amounts in the Unclaimed Property Fund exceeding \$250,000 to the General Fund. The holding period before most types of financial properties are considered abandoned is five years. Administration of unclaimed property was transferred from the Idaho Tax Commission to the Office of the Idaho State Treasurer in FY 2011.

For historical data see the "Miscellaneous Revenues" table.

Basis of Projection:

Projections of unclaimed property are based on a subjective assessment of recent collection history and discussions with personnel from the Idaho State Treasurer's Office.

UCC FILINGS

Description: (Sections 30-1-122, 53-262, and 67-910, *Idaho Code*)

The principal source of revenue from the Secretary of State is derived from the filings of articles of incorporation. The Secretary of State also collects many other miscellaneous fees, such as Uniform Commercial Code (UCC) filing fees and notary fees. From July 1, 1996 to June 30, 2000, most of the revenue collected accrued to the Commercial Affairs Administrative Fund. Since FY 2001, these monies accrue to the General Fund.

For historical data see the "Miscellaneous Revenues" table.

Basis of Projection:

Projections of revenue from this source are based on a subjective assessment of recent collection history, recent tax law changes, and agency expectations.

OTHER DEPARTMENTS AND TRANSFERS

The primary revenue sources for this miscellaneous category are receipts from the Department of Finance, Department of Lands, Department of Environmental Quality, Division of Financial Management, and Department of Agriculture. Other agencies provide lesser amounts on a sporadic basis. The annual transfer to the General Fund from the Federal Power Act (through the State Treasurer) is also included. However, the unpredictable nature of other items included in this source is evidenced by the collection history.

For historical data see the "Miscellaneous Revenues" table.

Basis of Projection:

The projections of miscellaneous General Fund revenues for FY 2012 and FY 2013 are based on a subjective assessment of recent collection history and expected transfers.

ESTATE AND TRANSFER TAX

Description: (Title 14, Chapter 4, *Idaho Code*)

The Idaho estate and transfer tax is a "pick up" tax. The federal code allows a decedent's estate to take a credit against state estate taxes paid, up to certain limits, based on the size of the estate. The amount of Idaho estate and transfer tax due is equal to this credit. Ten percent of the gross amount collected is distributed to the county of probate and the remainder, net of refunds, accrues to the state's General Fund. The *Economic Growth and Tax Relief Reconciliation Act of 2001* phased out this credit so that it does not apply to any deaths after 2005. The relevant estate provisions of the *Economic Growth and Tax Relief Reconciliation Act of 2001* were set to expire at the end of 2010. Upon their termination, they were scheduled to revert to their pre-2001 levels. However, some of the estate tax provisions of this act were extended through CY 2012 as part of the *Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act* that became law on December 17, 2010. An important feature of this law is that it postpones the return of the state estate credit until CY 2013. However, it will return in a form that is not subject to the state's estate and transfer tax. Thus, there will be no future collections for this tax.

For historical data see the "Miscellaneous Revenues" table.

MISCELLANEOUS REVENUES

(\$ THOUSANDS)

Year		Distributions to General Fund									
		Estate Tax	Interest Earnings	Court Fees & Fines	Insurance Premium Tax	Alcoholic Beverage Licenses	Un-Claimed Property	UCC Filings	Lands	One-Time Transfers	Other Depts. and Transfers
FY70	Actual	\$0.0	\$3,216.1	\$1.8	\$4,831.5	\$444.2	\$0.0	\$873.6	\$15.3	\$955.5	\$502.6
FY71	Actual	0.0	3,151.1	310.5	5,345.7	477.3	0.0	683.7	22.9	0.0	663.0
FY72	Actual	0.0	2,172.5	868.1	6,024.1	526.0	0.0	834.6	32.7	1,000.0	757.3
FY73	Actual	0.0	3,055.8	1,056.4	6,664.1	530.6	0.0	1,192.1	100.3	1,500.0	423.2
FY74	Actual	0.0	5,895.8	1,188.1	7,471.6	555.0	0.0	935.2	40.6	0.0	881.8
FY75	Actual	0.0	7,790.3	1,141.5	7,945.6	573.4	0.0	1,130.2	92.4	0.0	540.1
FY76	Actual	0.0	7,013.4	1,242.0	8,915.8	593.0	0.0	1,051.3	103.9	1,000.0	499.1
FY77	Actual	0.0	5,529.3	1,268.1	10,693.5	624.7	0.0	986.3	100.6	0.0	525.6
FY78	Actual	0.0	5,465.2	1,446.6	12,175.2	654.4	0.0	1,536.3	59.2	0.0	588.7
FY79	Actual	0.0	7,382.4	1,618.6	13,555.0	670.4	0.0	1,181.8	286.1	0.0	559.5
FY80	Actual	0.0	12,946.3	1,894.8	14,894.7	719.6	0.0	1,521.9	136.0	0.0	574.5
FY81	Actual	0.0	10,257.4	1,850.8	14,845.9	918.9	0.0	1,510.4	109.4	0.0	792.7
FY82	Actual	0.0	12,282.6	2,036.1	15,442.0	911.5	0.0	512.1	181.7	1,282.7	643.6
FY83	Actual	0.0	8,663.9	2,109.6	22,345.0	939.6	175.3	538.9	165.9	6,115.0	715.1
FY84	Actual	0.0	12,227.9	2,154.9	16,730.0	932.2	597.0	559.6	167.8	435.7	874.8
FY85	Actual	0.0	10,931.1	2,355.3	18,329.8	1,033.8	1,304.9	571.6	174.9	4,097.3	905.3
FY86	Actual	0.0	9,549.6	2,544.1	20,867.5	1,052.5	906.7	624.3	161.3	5,757.5	838.4
FY87	Actual	0.0	7,615.7	2,800.7	21,257.1	1,059.9	866.3	953.8	168.2	9,337.0	987.6
FY88	Actual	0.0	10,010.0	2,860.1	31,182.3	1,035.8	997.7	1,083.0	123.6	942.5	1,041.9
FY89	Actual	0.0	16,178.4	3,135.9	26,217.5	1,033.9	744.9	1,010.6	131.7	2,300.0	1,112.8
FY90	Actual	0.0	17,552.6	3,426.1	25,209.2	1,081.5	1,155.7	1,073.4	158.9	1,000.0	1,270.7
FY91	Actual	0.0	19,387.7	3,331.7	28,643.7	994.5	1,145.4	1,165.6	192.4	325.0	1,922.7
FY92	Actual	0.0	11,810.0	3,390.7	31,944.9	1,010.2	1,353.3	1,396.1	210.7	513.9	1,856.0
FY93	Actual	0.0	10,540.0	3,210.0	28,810.0	960.0	1,335.5	907.6	229.8	0.0	682.6
FY94	Actual	0.0	10,611.2	3,721.9	33,193.5	1,039.0	1,707.9	784.0	220.2	3,420.0	1,264.2
FY95	Actual	0.0	15,000.0	3,894.0	34,934.6	1,072.3	2,089.2	854.5	243.6	0.0	3,391.6
FY96	Actual	0.0	18,541.4	4,244.8	36,126.4	1,047.9	1,387.1	941.2	238.3	145.0	3,182.8
FY97	Actual	0.0	18,243.0	4,707.9	40,262.5	1,140.9	829.4	26.2	240.3	0.0	3,141.2
FY98	Actual	0.0	17,930.0	5,016.3	42,846.5	1,151.6	1,168.0	33.0	265.2	0.0	3,403.5
FY99	Actual	0.0	18,686.7	5,131.7	45,465.2	1,158.1	1,588.9	11.6	317.0	428.0	4,914.7
FY00	Actual	0.0	21,559.7	5,305.7	46,431.9	1,300.2	2,308.2	22.3	703.1	4,417.9	8,306.6
FY01	Actual	35,806.8	22,303.6	5,493.5	55,880.8	1,224.4	5,809.6	2,007.0	338.3	11,191.6	9,178.2
FY02	Actual	7,589.0	11,334.6	5,188.3	55,370.9	1,363.8	880.7	2,031.8	347.9	7,107.1	16,314.3
FY03	Actual	13,649.2	2,982.2	5,287.8	59,488.8	1,394.2	3,760.3	2,143.5	355.8	5,464.7	14,665.1
FY04	Actual	4,430.6	4,971.3	4,978.5	62,766.6	1,611.5	3,686.5	2,394.9	331.0	51,402.1	22,840.8
FY05	Actual	3,296.6	8,921.1	4,656.3	60,852.6	1,635.4	9,827.6	2,689.0	532.7	857.9	24,140.2
FY06	Actual	1,110.4	18,122.1	4,786.9	60,375.0	1,719.2	1,988.9	3,015.8	330.2	537.3	21,892.0
FY07	Actual	122.9	17,174.5	5,037.1	59,781.3	1,807.2	3,308.4	2,998.3	466.2	1,543.7	25,404.5
FY08	Actual	29.0	11,366.2	5,332.0	56,343.2	1,919.9	5,626.9	2,821.0	687.9	2,243.6	30,176.7
FY09	Actual	237.7	760.4	5,354.0	55,478.8	1,610.2	1,782.3	2,423.7	977.6	1,426.0	31,701.0
FY10	Actual	-173.4	-1,318.1	5,383.9	53,631.7	1,469.2	8,224.8	2,419.1	647.0	1,543.7	32,705.8
FY11	Actual	521.4	-430.7	5,116.6	54,117.5	1,523.6	4,511.6	2,413.0	622.0	4,881.8	30,432.8
FY12	Projection	0.0	24.5	5,199.3	52,255.7	1,548.3	4,500.0	2,440.0	650.0	0.0	28,810.3
FY13	Projection	0.0	640.2	5,284.7	53,316.7	1,573.7	4,500.0	2,480.0	650.0	0.0	26,391.8

1. Includes a one-time transfer of \$9,337,000 from the Water Pollution Control Fund.
2. Includes a one-time reversion of \$204,400 from the University of Idaho.
3. Includes offsetting transfers of \$2.0 million from and to the Water Pollution Control Fund; and \$300,000 borrowed and repaid by the Lottery Commission.
4. Includes off-setting transfer of \$1,000,000 borrowed and repaid by the Lottery Commission.
5. Includes on-time transfer of \$125,000 from the Department of Insurance and \$200,000 from the Parks Land Trust.
6. Includes \$513,894 in one-time transfer from State Treasurer's interagency billing and receipts fund in FY 1992.
7. Transfers of: \$3,000,000 from Budget Reserve Fund; \$420,000 from Liquor Fund; and approximately \$350,000 from Department of Finance.
8. Includes a \$1,858,000 transfer from the Department of Finance.
9. Includes a \$1,517,000 transfer from the Department of Finance and a \$145,000 transfer from the Secretary of State.
10. Includes a \$1,117,000 transfer from the Department of Finance.
11. Includes a \$1,567,000 transfer from the Department of Finance.
12. Includes a \$1,245,700 transfer from the Department of Finance, a \$428,000 transfer from the Secretary of State, a \$1,102,395 recovery of cost allocation expenses.
13. Includes a \$1,694,300 transfer from the Department of Finance, a \$574,800 transfer from the Secretary of State, a \$1,203,400 recovery of cost allocation expenses.
14. Includes a \$2,241,970 transfer from the Department of Finance, a \$2,575,000 transfer from the Secretary of State, a \$1,407,407 recovery of cost allocation expenses, a \$5,000,000 transfer from the Department of Environmental Quality, and a \$500,000 transfer from the Department of Lands.
15. Includes a \$2,363,362 transfer from the Department of Finance, a \$1,150,900 recovery of cost allocation expenses, a \$1,046,600 transfer from the Department of Environmental Quality, and a \$7,049,200 transfer for Attorney General fees.
16. Includes a \$1,150,000 recovery of cost allocation expenses and a \$7,300,000 transfer for Attorney General fees.
17. Includes one-time \$50 million transfer from federal government.
18. Includes \$0.77 million one-time water loan interest payment.

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Idaho's Tax Structure

Exemptions, Credits, Exclusions, and Deductions

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INTRODUCTION

This report is a comprehensive guide to the structure of Idaho's primary General Fund revenue sources. It provides a detailed examination of the various departures from the broadly defined **base** of the income and sales taxes. These two taxes supply well over 90% of the revenue that goes to the General Fund.

The everyday vernacular refers to these departures from the tax base as **tax breaks**. An analogous term used by fiscal analysts is **tax expenditures**. The most common forms they take in the codification of taxes are exemptions, credits, exclusions, and deductions. The end result is always the same: a tax that is defined on the basis of a broad economic concept (income, consumption, wealth, etc.) is not applied uniformly against the broad base of the tax.

The following pages provide both an inventory and an explanation of Idaho's sales and income tax expenditures. The goal is to facilitate greater understanding of these important elements of Idaho's overall fiscal structure. It is not an attempt to judge the merits of any particular tax expenditure.

The definition of a tax expenditure (for the purpose of this report) is **any provision of Idaho law that excludes some portion of the tax base on a selective basis**. Two illustrative examples are the sales tax exemption for prescription drugs and the income tax exclusion for interest earned on certain government-issued securities. In the first case a specific type of consumption (prescription drugs) is excused from the sales and use tax. In the second case a specific source of income (interest from government-issued securities) is excused from the income tax.

Limiting the definition of tax expenditures to Idaho tax provisions is arbitrary and is primarily done to limit the scope of this publication. Indeed, many federal income tax provisions have the effect of granting large tax expenditures within Idaho. The mortgage interest deduction is a good example. Although nothing technically prevents Idaho from treating mortgage interest different than the federal tax law, the practical ramifications prevent Idaho from making large deviations from federal tax law. Consequently, this report ignores tax expenditures that originate in federal tax law. It does, however, look at Idaho departures from the federal tax structure and treats them as Idaho-specific tax expenditures.

Some apparent tax breaks are not really tax expenditures, because their impacts lie outside of the basic definition of the tax base. The sales tax "exemption" for goods purchased for resale is one such case. This is because the sales tax is intended to apply to retail sales, and the "exemption" for goods purchased for resale is the statutory mechanism used to differentiate between retail and wholesale trade. The income tax rate brackets are another example of a tax policy that impacts the amount of revenue produced from the fundamental tax base, but are not considered a selective "exemption" for purposes of this report. That's because all income that falls into a particular bracket is taxed at that bracket's rate, regardless of the overall income (or any other characteristic) of the taxpayer.

This report includes estimates of the costs of the tax expenditures. This is an estimate of how much tax payment is being avoided by the beneficiaries of the tax expenditure. It is **not** an estimate of the

revenue that would be raised by eliminating the tax expenditure. Several additional factors need to be considered when producing a revenue estimate associated with any particular tax law change.

In many cases, especially those involving substantial structural changes, tax law changes could reasonably be expected to change the economic behavior of taxpayers. The fiscal estimates included in this report are based on current economic behavior, meaning they reflect an environment that includes the effect of the tax expenditure. It should be noted that in many cases even the fiscal estimates based on the actual tax structure are difficult to produce. Attempting to factor in behavioral adjustments can add a substantial amount of complexity and/or uncertainty to the fiscal analysis.

Another factor that is not reflected in these fiscal estimates is the amount of tax gap. The tax gap is the difference between the theoretical amount of revenue associated with eliminating a particular tax expenditure and the actual revenue that would be realized. The probable size of the "tax gap" is impacted by a number of variables, including the manner in which a tax exemption is removed and the amount of resources that are allocated to compliance and collection efforts. Clearly these are variables that are "unknowable" prior to any specific proposal for law changes.

Tax expenditures are placed in the law for a variety of reasons. The primary reasons are to encourage a particular behavior on the part of taxpayers, to provide fiscal relief to particular taxpayers, or to simplify the administration of the tax laws.

In many cases, tax expenditures have an alternative, appropriation-based method for accomplishing the policy objective behind the tax expenditure. Often, the appropriation-based alternative will have significant differences (relative to the tax expenditure) in terms of overhead cost and public policy ramifications.

Overhead cost comparisons associated with tax expenditures versus appropriations depend on the specific circumstances of the particular tax expenditure/appropriation alternative being considered, and the "value" of both can be difficult to examine.

This is particularly the case with sales and income tax expenditures that are made in the context of confidential tax returns. This means that the beneficiaries are only known to the tax authorities. The secrecy of sales and income tax information is protected under felony penalty provisions. The confidentiality associated with tax expenditures seriously inhibits close scrutiny, and makes it difficult or impossible to establish the "value" (as opposed to the cost) of the tax expenditure.

Tax expenditures "cost" the public in the form of lost revenue that could otherwise be used to fund appropriations or reduce tax rates. However, the estimates of the amount of lost revenue contained in this report do not take into consideration the overhead that would be needed to collect the lost revenue. That overhead can vary from very large, as in the case of tax expenditures that are for the purpose of simplifying tax administration, to negative, as in the case of tax expenditures that increase the administrative costs associated with the particular tax.

INDIVIDUAL AND CORPORATE INCOME TAX

The Idaho income tax is a tax levied on individuals and corporations based on their income during a 12-month tax period. In the case of businesses (proprietorships, partnerships, and corporations) the concept of income is not gross receipts, but rather is most closely associated with the economic concept of profit.

The rate of Idaho's income tax is a flat 7.6% on corporate income and a maximum of 7.8% on individual income. Rates on individuals vary from a low of 1.6% to a top rate of 7.8%. Idaho's individual income tax brackets are adjusted each year for inflation.

The tax expenditures granted under the income tax can be classified into two principle categories: exemptions based on the source of income (exclusions); and exemptions based on the use of income (deductions and credits). Source exemptions include interest from certain government securities, capital gains, and social security payments. Use exemptions include donations to educational institutions and purchases of equipment used in business enterprises. Notable features of the income tax structure that are within Idaho's policy discretion but are **not** considered tax expenditures include: the rate brackets, personal exemptions, and standard deductions. These features of the tax structure have the effect of reducing revenues, but they are not selective with regard to whom they apply.

A special note concerning tax expenditure definitions is relevant in the case of the income tax. Since the foundation of the Idaho income tax is federal taxable income, there are a number of federal tax expenditures that are adopted in Idaho by default. These federal tax expenditures could technically be considered Idaho tax expenditures, since Idaho adopts them by law. However, this report takes the approach that federal tax expenditures related to the definition of taxable income are **not** Idaho tax expenditures. Thus, the federal tax expenditure associated with the mortgage interest deduction is not considered an Idaho tax expenditure. Similarly, Idaho's exclusion of social security income from the income tax base is treated as an Idaho tax expenditure only to the extent that it exceeds the partial federal exclusion for social security income.

The principal Idaho income tax expenditures relating to uses of income are:

- Investment Tax Credit
- Other States Tax Credit
- Elderly Dependent Credit
- Youth and Rehabilitation Credit
- Schools, Libraries, and Museums Credit
- Grocery Credit
- Recycling Equipment Credit
- Technological Equipment Deduction
- Long-Term Care Insurance Deduction
- Alternative Energy Device Deduction
- Insulation Deduction

Workers' Compensation Premium Deduction
Child Care Deduction
College Savings Deduction
Health Insurance Deduction
Elderly and Developmental Disability Deduction
Adoption Expense Deduction
Medical Savings Account Deduction
New Employees Credit
Riparian Land Improvements Credit (Sunset 2002)
Broadband Investment Credit
County Incentive Investment Tax Credit (2001)
Research Activity Credit
Promoter Sponsored Events Credit
Corporate Headquarters Investment Credit (Repealed 2008)
Corporate Headquarters Real Property Improvement Credit (Repealed 2008)
Corporate Headquarters New Jobs Credit (Repealed 2008)
Small Employer Capital Investment Credit (Sunsets 2020)
Small Employer Real Property Improvement Credit (Sunsets 2020)
Small Employer New Jobs Credit (Sunsets 2020)
Live Organ Donation Expenses Credit
Biofuel Investment Tax Credit (Sunsets 2011)

The principal Idaho income tax expenditures relating to sources of income are:

Capital Gains Exclusion
Government Interest Exclusion
Social Security Exclusion
Railroad Retirement Exclusion
Retirement Benefit Exclusion
Idaho Lottery Winnings Exclusion
Indian Earnings on Reservation Exclusion
World War II Reparations Exclusion
Marriage Penalty Deduction

SALES AND USE TAX

The Idaho sales tax is a transaction tax levied on the purchase or use of goods and services by consumers, where consumers may be either individuals or businesses. Transactions involving purchases by businesses are included in the sales tax base if the goods or services are consumed by the purchasing business. Transactions involving purchases of goods or services for resale (including components or parts used in manufactured goods) are not considered a part of the sales tax base. The legal incidence of the Idaho sales tax is on the purchaser. Sales taxes are distant relatives of value-added taxes.

Idaho's sales tax rate is 6%. No partial exemptions exist. That is, nothing is taxed at a rate below 6% but above 0%.

Consumption, as an economic concept, can be divided into consumption of goods and consumption of services. The purchase of a hotel room is classified as a service, since it is only the right to use the hotel room for a limited time that it is being purchased. Purchase of a tent is classified as a good since the buyer becomes the owner of a tangible item. An interesting characteristic of Idaho's sales tax is that unless specifically exempted, purchase of a tangible good is a taxable event. On the other hand, the purchase of a service is generally not taxable unless the service is specifically included in the list of taxable transactions. Three major service categories that are completely taxable (and therefore are excluded from this compilation of tax expenditures) are "Hotels and Other Lodging Places," "Amusement and Recreation Services," and "Admissions."

The tax expenditures granted under the sales tax can be classified in three principal categories: exemptions based on the **use** of the good or service, exemptions based on the **specific good or service** being purchased, and exemptions based on the **individual or entity** making the purchase or sale.

Principal Idaho sales tax expenditures relating to specific uses are:

- Production Exemption - Equipment
- Production Exemption - Supplies
- Irrigation Equipment and Supplies
- Pollution Control Equipment
- Broadcast Equipment and Supplies
- Publishing Equipment and Supplies
- Commercial Aircraft
- Railroad Rolling Stock and Remanufacturing
- Interstate Trucks
- Out-of-State Contracts
- Trade-in Value
- Sale or Lease of Businesses or Business Assets
- Food Stamps/WIC
- Motor Vehicles Used Outside of Idaho

Common Carrier Purchases and Out-of-State Sales
Donations of Real Property to Idaho Government
Incidental Sales of Tangible Personal Property
Lodging, Eating, and Drinking Places
School Lunches and Senior Citizen Meals
Drivers Education Automobiles
Ski Lifts and Snowgrooming Equipment
Clean Rooms
Alternative Electricity-Producing Equipment (Sunsets July 1, 2011)
Research and Development Equipment
Corporate Headquarters Construction (Repealed 2008)
Small Employer Headquarters Construction (2006-2020)
Glider Kit Vehicles
Media Production Projects (Sunset 2016)
State Tax Anticipation Revenue
Motor Vehicles of Nonresident Students
Personal Property of Military Personnel

Principal Idaho sales tax expenditures relating to specific goods and services are:

Goods Not Taxed

Motor Fuels
Heating Materials
Utility Sales
Used Mobile Homes
Vending Machines and Amusement Devices
Prescriptions and Durable Medical Equipment
Funeral Caskets
Containers
Nonprofit Literature
Official Documents
Precious Metal Bullion
Idaho Commemorative Silver Medallions
New Manufactured Homes or Modular Buildings
Telecommunications Equipment
Personal Property Tax on Rentals

Services Not Taxed

Construction
Agricultural and Industrial Services
Transportation Services
Information Services
Repairs
Professional Services
Business Services
Personal Services

Health and Medical Services
Social Services
Educational Services
Lottery Tickets and Pari-Mutuel Betting
Media Measurement Services
Miscellaneous Services
Nonprofit Shooting Range Fees
Gratuities for Meals

Principal Idaho sales tax expenditures relating to specific entities are:

Educational Institution Purchases
Hospital Purchases
Health Entity Purchases
Canal Company Purchases
Forest Protective Association Purchases
Food Bank Purchases
Nonsale Clothier Purchases
Centers for Independent Living
State of Idaho and Local Government Purchases
Ronald McDonald House Rooms
INL Research and Development Purchases
Motor Vehicle Purchases by Family Members
Sales by 4-H and FFA Clubs at Fairs
Sales by Nonretailers (Yard and Occasional Sales)
Sales by Indian Tribes on Reservations
Sales of Meals by Churches to Members
Sales by Outfitters and Guides
Sales Through Vending Machines
Auto Manufacturer Rebates
Incidental Sales by Churches
Federal Excise Tax Imposed at Retail Level
Federal Constitutional Prohibitions
Other Federal and State Statutory Prohibitions
Volunteer Fire Departments and Emergency Medical Service Agencies
Senior Citizens Centers
Blind Services Foundation, Inc.
Advocates for Survivors of Domestic Violence and Sexual Assault
Free Dental Clinics
Museums

Idaho's Tax Structure

Fiscal Summary

\$ Thousands

	CY2008	CY2009	CY2010	CY2011	CY2012	CY2013
1 Income Tax Expenditures (Calendar Year Basis)						
1.1 Uses of Income Not Taxed						
1.1.01 Investment Tax Credit	\$31,481	\$29,073	\$32,699	\$36,234	\$38,673	\$41,519
1.1.02 Other States Tax Credit	\$62,074	\$53,000	\$55,228	\$57,845	\$59,623	\$61,900
1.1.03 Elderly Dependent Credit	\$637	\$692	\$709	\$728	\$758	\$789
1.1.04 Youth and Rehabilitation Credit	\$8,846	\$8,068	\$8,385	\$8,897	\$9,164	\$9,391
1.1.05 Schools, Libraries, and Museums Credit	\$4,207	\$4,022	\$4,201	\$9,400	\$9,689	\$10,059
1.1.06 Grocery Credit	\$50,111	\$65,286	\$79,774	\$94,569	\$110,101	\$126,223
1.1.07 Recycling Equipment Credit	\$31	\$9	\$27	\$27	\$27	\$27
1.1.08 Technological Equipment Deduction	\$59	\$53	\$55	\$58	\$59	\$61
1.1.09 Long-Term Care Insurance Deduction	\$1,089	\$1,012	\$0	\$0	\$0	\$0
1.1.10 Alternative Energy Device Deduction	\$385	\$475	\$495	\$518	\$532	\$552
1.1.11 Insulation Deduction	\$789	\$776	\$809	\$847	\$868	\$901
1.1.12 Workers' Compensation Premium Deduction	\$400	\$400	\$400	\$400	\$400	\$400
1.1.13 Child Care Deduction	\$4,196	\$3,867	\$3,909	\$3,952	\$3,987	\$4,056
1.1.14 College Savings Deduction	\$1,410	\$1,417	\$1,476	\$1,546	\$1,592	\$1,653
1.1.15 Health Insurance Deduction	\$12,605	\$12,201	\$12,681	\$13,269	\$13,781	\$14,331
1.1.16 Elderly and Developmental Disability Deduction	\$9	\$9	\$9	\$9	\$9	\$9
1.1.17 Adoption Expense Deduction	\$49	\$44	\$48	\$48	\$48	\$48
1.1.18 Medical Savings Account Deduction	\$916	\$807	\$841	\$881	\$903	\$937
1.1.19 New Employees Credit	\$488	\$470	\$457	\$468	\$7,600	\$7,900
1.1.20 Riparian Land Improvements Credit	Sunset	Sunset	Sunset	Sunset	Sunset	Sunset
1.1.21 Broadband Investment Credit	\$495	\$347	\$390	\$433	\$462	\$496
1.1.22 County Incentive Investment Tax Credit	\$526	Sunset	Sunset	Sunset	Sunset	Sunset
1.1.23 Research Activity Credit	\$746	\$924	\$1,039	\$1,152	\$1,229	\$1,320
1.1.24 Promoter Sponsored Events Credit	\$1	\$1	\$3	\$3	\$3	\$3
1.1.25 Corporate Headquarters Investment Credit	Repealed	Repealed	Repealed	Repealed	Repealed	Repealed
1.1.26 Corporate Headquarters Real Property Improvement Credit	Repealed	Repealed	Repealed	Repealed	Repealed	Repealed
1.1.27 Corporate Headquarters New Jobs Credit	Repealed	Repealed	Repealed	Repealed	Repealed	Repealed
1.1.28 Small Employer Capital Investment Credit	\$90	\$2	\$2	\$2	\$2	\$2
1.1.29 Small Employer Real Property Improvement Credit	\$1	\$1	\$1	\$1	\$1	\$1
1.1.30 Small Employer New Jobs Credit	\$40	\$0	\$0	\$0	\$0	\$0
1.1.31 Live Organ Donation Expenses Credit	\$32	\$45	\$39	\$39	\$39	\$39
1.1.32 Biofuel Investment Tax Credit	\$1	\$42	\$38	\$38	Sunset	Sunset
1.2 Sources of Income Not Taxed						
1.2.01 Capital Gains Exclusion	\$27,330	\$9,836	\$10,794	\$11,305	\$11,626	\$12,070
1.2.02 Government Interest Exclusion	\$3,941	\$2,556	\$2,656	\$2,817	\$2,892	\$2,963
1.2.03 Social Security Exclusion	\$45,075	\$43,983	\$47,540	\$49,550	\$51,229	\$53,319
1.2.04 Railroad Retirement Exclusion						
1.2.05 Retirement Benefit Exclusion	\$5,717	\$4,735	\$5,118	\$5,333	\$5,521	\$5,744
1.2.06 Idaho Lottery Winnings Exclusion	\$4,618	\$4,696	\$4,775	\$4,856	\$4,939	\$5,023
1.2.07 Indian Earnings on Reservation Exclusion	\$577	\$548	\$571	\$598	\$616	\$640
1.2.08 World War II Reparations Exclusion	\$0	\$0	\$0	\$0	\$0	\$0
1.2.09 Marriage Penalty Deduction	\$0	\$0	\$0	\$0	\$0	\$0

Idaho's Tax Structure

Fiscal Summary

\$ Thousands

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
2 Sales Tax Expenditures (Fiscal Year Basis)						
2.1 Specific Uses Not Taxed						
2.1.01 Production Exemption - Equipment	\$59,871	\$58,763	\$66,460	\$72,857	\$76,902	\$83,665
2.1.02 Production Exemption - Supplies	\$45,322	\$44,484	\$50,310	\$55,153	\$58,215	\$63,334
2.1.03 Irrigation Equipment and Supplies	\$3,640	\$3,731	\$3,824	\$3,920	\$4,018	\$4,118
2.1.04 Pollution Control Equipment	\$11,947	\$8,492	\$8,521	\$9,423	\$9,134	\$9,977
2.1.05 Broadcast Equipment and Supplies	\$2,165	\$2,125	\$2,403	\$2,634	\$2,780	\$3,025
2.1.06 Publishing Equipment and Supplies	\$139	\$136	\$154	\$169	\$178	\$194
2.1.07 Commercial Aircraft	\$1,890	\$1,890	\$1,890	\$1,890	\$1,890	\$1,890
2.1.08 Railroad Rolling Stock and Remanufacturing	\$2,550	\$2,550	\$2,550	\$2,550	\$2,550	\$2,550
2.1.09 Interstate Trucks	\$5,058	\$5,399	\$5,971	\$6,166	\$6,763	\$7,164
2.1.10 Out-of-State Contracts	\$3,608	\$3,541	\$4,005	\$4,390	\$4,634	\$5,042
2.1.11 Trade-in Value	\$21,592	\$23,049	\$25,493	\$26,326	\$28,871	\$30,585
2.1.12 Sale or Lease of Businesses or Business Assets	\$1,712	\$1,680	\$1,901	\$2,084	\$2,199	\$2,393
2.1.13 Food Stamps/WIC	\$13,278	\$19,145	\$19,926	\$21,031	\$21,775	\$22,473
2.1.14 Motor Vehicles Used Outside of Idaho	\$12,060	\$12,874	\$14,240	\$14,705	\$16,126	\$17,084
2.1.15 Common Carrier Purchases and Out-of-State Sales	NA	NA	NA	NA	NA	NA
2.1.16 Donations of Real Property to Idaho Government	\$4	\$4	\$4	\$4	\$4	\$4
2.1.17 Incidental Sales of Tangible Personal Property	\$12	\$12	\$12	\$12	\$12	\$12
2.1.18 Lodging, Eating, and Drinking Places	\$72	\$74	\$79	\$84	\$86	\$89
2.1.19 School Lunches and Senior Citizen Meals	\$3,897	\$4,259	\$4,398	\$4,688	\$4,839	\$4,995
2.1.20 Drivers Education Automobiles	\$38	\$37	\$39	\$40	\$41	\$41
2.1.21 Ski Lifts and Snowgrooming Equipment	\$600	\$600	\$600	\$600	\$600	\$600
2.1.22 Clean Rooms	\$480	\$480	\$480	\$480	\$480	\$480
2.1.23 Alternative Electricity-Producing Equipment	\$1,000	\$300	\$900	Sunset	Sunset	Sunset
2.1.24 Research and Development Equipment	\$7,200	\$7,200	\$7,200	\$7,200	\$7,200	\$7,200
2.1.25 Corporate Headquarters Construction	Repealed	Repealed	Repealed	Repealed	Repealed	Repealed
2.1.26 Small Employer Headquarters Construction	\$115	\$115	\$115	\$115	\$115	\$115
2.1.27 Glider Kit Vehicles	\$223	\$238	\$263	\$271	\$298	\$315
2.1.28 Media Production Projects	\$59	\$61	\$64	\$66	\$69	\$71
2.1.29 State Tax Anticipation Revenue	\$2,600	\$3,300	\$3,300	\$3,300	\$3,300	\$3,300
2.1.30 Motor Vehicles of Nonresident Students	\$0	\$0	\$0	\$25	\$25	\$25
2.1.31 Personal Property of Military Personnel	NA	NA	NA	NA	NA	NA
2.2 Goods Not Taxed						
2.2.01 Motor Fuels	\$144,894	\$149,878	\$174,113	\$192,242	\$195,136	\$195,980
2.2.02 Heating Materials	\$4,873	\$4,558	\$5,229	\$5,310	\$5,296	\$5,339
2.2.03 Utility Sales	\$85,435	\$87,998	\$90,638	\$93,357	\$96,157	\$99,042
2.2.04 Used Mobile Homes	\$2,760	\$2,760	\$2,760	\$2,760	\$2,760	\$2,760
2.2.05 Vending Machines and Amusement Devices	\$0	\$0	\$0	\$0	\$0	\$0
2.2.06 Prescriptions and Durable Medical Equipment	\$38,703	\$40,454	\$42,619	\$44,666	\$47,420	\$51,405
2.2.07 Funeral Caskets	\$1,281	\$1,320	\$1,359	\$1,400	\$1,442	\$1,485
2.2.08 Containers	\$34	\$35	\$37	\$39	\$40	\$41
2.2.09 Nonprofit Literature	\$130	\$132	\$133	\$135	\$137	\$140
2.2.10 Official Documents	\$64	\$65	\$66	\$67	\$68	\$69
2.2.11 Precious Metal Bullion	\$558	\$558	\$558	\$558	\$558	\$558
2.2.12 Idaho Commemorative Silver Medallions	\$2	\$2	\$2	\$2	\$2	\$2
2.2.13 New Manufactured Homes or Modular Buildings	\$2,172	\$2,207	\$2,263	\$2,309	\$2,376	\$2,442
2.2.14 Telecommunications Equipment	\$1,280	\$1,409	\$1,549	\$1,704	\$1,875	\$2,062
2.2.15 Personal Property Tax on Rentals	\$400	\$400	\$400	\$400	\$400	\$400

Idaho's Tax Structure

Fiscal Summary

\$ Thousands

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
2.3 Services Not Taxed						
2.3.01 Construction	\$122,302	\$102,114	\$95,346	\$92,897	\$94,953	\$102,204
2.3.02 Agricultural and Industrial Services	\$3,641	\$3,692	\$3,757	\$3,815	\$3,888	\$3,961
2.3.03 Transportation Services	\$35,661	\$35,016	\$36,320	\$37,514	\$39,057	\$40,625
2.3.04 Information Services	\$81,421	\$82,638	\$83,613	\$84,965	\$86,361	\$87,903
2.3.05 Repairs	\$36,744	\$37,223	\$38,410	\$39,834	\$41,062	\$42,604
2.3.06 Professional Services	\$195,759	\$198,309	\$204,635	\$212,219	\$218,763	\$226,980
2.3.07 Business Services	\$121,643	\$123,227	\$127,158	\$131,871	\$135,937	\$141,043
2.3.08 Personal Services	\$9,219	\$9,339	\$9,637	\$9,995	\$10,303	\$10,690
2.3.09 Health and Medical Services	\$351,192	\$367,035	\$382,412	\$401,781	\$417,678	\$439,178
2.3.10 Social Services	\$57,143	\$59,721	\$62,223	\$65,375	\$67,962	\$71,460
2.3.11 Educational Services	\$33,201	\$33,634	\$34,707	\$35,993	\$37,103	\$38,497
2.3.12 Lottery Tickets and Pari-Mutuel Betting	\$9,351	\$9,705	\$10,073	\$10,456	\$10,854	\$11,268
2.3.13 Media Measurement Services	\$65	\$66	\$64	\$66	\$68	\$70
2.3.14 Miscellaneous Services	\$2,211	\$2,240	\$2,311	\$2,397	\$2,471	\$2,564
2.3.15 Nonprofit Shooting Range Fees	\$32	\$32	\$33	\$35	\$36	\$37
2.3.16 Gratuities for Meals	\$0	\$0	\$100	\$200	\$200	\$200
2.4 Specific Entities Not Taxed						
2.4.01 Educational Institution Purchases	\$9,644	\$9,439	\$10,438	\$11,171	\$11,460	\$11,851
2.4.02 Hospital Purchases	\$21,728	\$22,708	\$23,660	\$24,858	\$25,842	\$27,172
2.4.03 Health Entity Purchases	\$368	\$374	\$390	\$406	\$420	\$435
2.4.04 Canal Company Purchases	\$976	\$988	\$1,006	\$1,027	\$1,039	\$1,058
2.4.05 Forest Protective Association Purchases	\$43	\$43	\$44	\$45	\$46	\$47
2.4.06 Food Bank Purchases	\$264	\$268	\$280	\$291	\$301	\$312
2.4.07 Nonsale Clothier Purchases	\$1	\$1	\$1	\$1	\$1	\$1
2.4.08 Centers for Independent Living	\$5	\$5	\$5	\$5	\$6	\$6
2.4.09 State of Idaho and Local Government Purchases	\$28,559	\$26,568	\$28,573	\$28,807	\$27,470	\$27,150
2.4.10 Ronald McDonald House Rooms	\$1	\$1	\$1	\$1	\$1	\$1
2.4.11 INL Research and Development Purchases	\$4,694	\$4,257	\$4,562	\$4,988	\$5,254	\$5,795
2.4.12 Motor Vehicle Purchases by Family Members	\$1,415	\$1,511	\$1,671	\$1,725	\$1,892	\$2,005
2.4.13 Sales by 4-H and FFA Clubs at Fairs	\$28	\$28	\$28	\$28	\$28	\$28
2.4.14 Sales by Non-Retailers (Yard and Occasional Sales)	\$3,029	\$3,077	\$3,211	\$3,345	\$3,455	\$3,580
2.4.15 Sales by Indian Tribes on Reservations	\$4,660	\$4,777	\$5,096	\$5,380	\$5,541	\$5,713
2.4.16 Sales of Meals by Churches to Members	\$12	\$12	\$12	\$13	\$13	\$14
2.4.17 Sales by Outfitters and Guides	\$16	\$16	\$16	\$16	\$16	\$16
2.4.18 Sales Through Vending Machines	\$2,210	\$2,234	\$2,325	\$2,454	\$2,540	\$2,622
2.4.19 Auto Manufacturer Rebates	\$467	\$498	\$551	\$569	\$624	\$661
2.4.20 Incidental Sales by Churches	\$759	\$771	\$804	\$838	\$865	\$897
2.4.21 Federal Excise Tax Imposed at Retail Level	NA	NA	NA	NA	NA	NA
2.4.22 Federal Constitutional Prohibitions	NA	NA	NA	NA	NA	NA
2.4.23 Other Federal and State Statutory Prohibitions	NA	NA	NA	NA	NA	NA
2.4.24 Volunteer Fire Departments and Emergency Medical Service Agencies	\$170	\$173	\$180	\$188	\$194	\$201
2.4.25 Senior Citizens Centers	\$41	\$41	\$43	\$45	\$46	\$48
2.4.26 Blind Services Foundation, Inc.	\$7	\$7	\$7	\$8	\$8	\$8
2.4.27 Advocates for Survivors of Domestic Violence and Sexual Assault	\$9	\$9	\$9	\$10	\$10	\$10
2.4.28 Free Dental Clinics	\$10	\$10	\$10	\$11	\$11	\$12
2.4.29 Museums	\$187	\$190	\$198	\$206	\$213	\$221

TAX STRUCTURE DETAIL

Specific Idaho tax expenditures are detailed in the sections below. Each section contains the expenditure's *Idaho Code* reference, a brief description of its features, and its significant legislative and judicial history.

INDIVIDUAL AND CORPORATE INCOME TAX

Income tax expenditures fall into one of three categories: exclusions, deductions, or credits. Exclusions are sources of income that are wholly or partially exempt from taxation. Deductions are uses of income (either actual spending or proxies for actual spending) that are wholly or partially exempt from taxation. Credits are deductions from the tax itself that are expressed either as a percentage of some qualifying amount or as a lump sum. Credits may be further divided into those that are refundable, meaning that they can exceed the taxpayer's tax liability and actually lead to a refund, and those that are nonrefundable, meaning that they are only usable if there is a tax liability to offset.

In general, deductions and exclusions **must** be used in the year they are incurred, with the exception of business net operating loss (NOL) carry forwards. Credits may be carried forward for limited time periods in certain cases where specifically authorized in the law.

One notable feature that applies to all income tax expenditures is their interaction with federal income tax. The Idaho income tax is deductible from federal income taxes. This applies to all corporate taxpayers and to individual taxpayers who itemize their deductions. This means that the "benefit" of an Idaho income tax expenditure is split between Idaho taxpayers and the federal treasury. The terms of the split depend on the marginal federal tax rate of the taxpayer. For a taxpayer in the 35% federal bracket, the benefit of each dollar of Idaho tax expenditure is split 65 cents to the taxpayer, 35 cents to the federal treasury. This feature of the income tax is particularly significant in assessing the cost effectiveness of an Idaho tax expenditure as an incentive for some particular behavior.

1.1.01 Investment Tax Credit *Idaho Code 63-3029B*

Description: Idaho's investment tax credit (ITC) is provided to businesses (proprietorships, partnerships, and corporations) that purchase qualifying property for use in their business. The credit amount is 3% of the qualified investment in depreciable property and is not refundable. The credit taken in a given tax year is limited to no more than 50% of the taxpayer's tax liability as calculated before considering the credit. Credits not used may be carried forward up to 14 years from the year of qualifying property purchase. The definition of qualified investment is tied to the old federal ITC (repealed in the Tax Reform Act of 1986), with the exceptions that: a) the equipment must have Idaho situs; and b) motor vehicles under 8,000 pounds do not qualify. Mobile property that is only partially used in Idaho is allowed ITC in proportion to its use in Idaho.

History: Idaho's ITC was enacted in 1982. It was amended in 1987 to prevent its automatic repeal by the federal repeal of ITC in 1986. It was amended in 1992 in response to an Idaho Supreme Court case that changed the interpretation of how the credit is applied to equipment that is used both inside and outside Idaho. It was amended in 1994 to make technical changes relating to unitary corporations. It was amended in 1995 to extend the carryover period from five to seven years, reduce the portion of tax liability that could be offset from 50% to 45%, and eliminated a restriction on replacement property. It was amended in 2000 to increase the portion of tax liability that could be offset from 45% to 50%, and to extend the carryover period from seven to fourteen years. It was amended in 2003 to provide an option to take a property tax exemption instead of the ITC.

1.1.02 Other States Tax Credit *Idaho Code 63-3029*

Description: The credit for taxes paid to other states is available to Idaho resident and part-year resident taxpayers who must pay income tax to another state or territory (or political subdivision thereof) on income that is also taxed by Idaho. The amount of credit is the lesser of the actual tax paid to the other state or territory, or the portion of Idaho tax attributed to the double-taxed income. The Idaho credit is not allowed if the other state or territory provides a credit for taxes paid to Idaho.

History: Initially enacted in 1939 along with the Idaho Income Tax Act. Amended in 1996 to add corporate income, franchise, or excise taxes paid by a subchapter S corporation. Amended in 2007 to include a limitation that requires a recalculation of the adjusted income earned by the Idaho resident in the other state using Idaho's rules for the calculation of that income. Amended in 2008. Amended in 2009 to include estates and trusts.

1.1.03 Elderly Dependent Credit *Idaho Code 63-3025D*

Description: This is a refundable credit provided to a resident taxpayer who maintains a household for a family member(s), where that family member is over 65 years of age or developmentally disabled and the taxpayer provides over one-half of the family member's support. The amount of credit is \$100 for each such family member, with no more than \$300 available to the taxpayer in any single year. This credit is allowed in lieu of the elderly and developmental disability deduction allowed under *Idaho Code*, Section 63-3022E (see item 1.1.16).

History: Enacted in 1981. Amended in 1994 to add developmentally disabled persons to the credit.

1.1.04 Youth and Rehabilitation Credit *Idaho Code 63-3029C*

Description: This is a credit provided to taxpayers who make charitable contributions to the Anchor House, the North Idaho Children's Home, the Idaho Youth Ranch, the Children's Home Society of Idaho, Inc., Kinderhaven, Women's and Children's Alliance, Children's Village, Gem Youth Services, Hope House, nonprofit centers for independent living located within Idaho, Idaho Drug Free Youth, Inc., the Shepherd's Home, Project Safe Place, the Learning Lab, Inc., Project P.A.T.C.H.

(Planned Assistance for Troubled Children), or to nonprofit rehabilitation facilities located in Idaho and accredited by the Commission on Accreditation of Rehabilitation Facilities or their foundations. The credit is calculated as 50% of the contribution. For individual taxpayers the credit is limited to the lesser of \$100 or 20% of the taxpayer's income tax liability. For corporations the credit is limited to the lesser of \$500 or 10% of the taxpayer's income tax liability. There is no carryover provision.

History: The credit was enacted in 1982. Numerous specific entities have been added over the years.

1.1.05 Schools, Libraries, and Museums Credit *Idaho Code 63-3029A*

Description: A credit is allowed for qualifying charitable contributions to Idaho public and private nonprofit schools (elementary, secondary, and higher education), their foundations, trusts, or associations; to Idaho Public Libraries and Library Districts, or their foundations; to Idaho Education Public Broadcast foundations; to the Idaho State Historical Society or its foundation; to the Idaho State Library; to nonprofit public or private museums located within Idaho; to the Idaho Commission on Hispanic Affairs; to the Idaho Commission for the Blind and Visually Impaired; to the Idaho Council on Developmental Disabilities; to the Idaho State Independent Living Council; or to the Idaho Council for the Deaf and Hard of Hearing. The credit is 50% of the qualified contribution. In the case of individuals, it is limited to 50% of the taxpayer's income tax liability or \$500 (\$1,000 on a jointly filed return), whichever is less. In the case of corporations, the credit is limited to 10% of the income tax liability or \$5,000, whichever is less. Effective January 1, 2016, the maximum credit for individual taxpayers is the lower amount of 20% of the tax liability or \$100 (\$200 on a joint return). In the case of corporations, the credit is limited to 10% of the income tax liability or \$1,000, whichever is less. Beginning January 1, 2016 the credit will not apply to contributions to the Idaho Commission on Hispanic Affairs; to the Idaho Commission for the Blind and Visually Impaired; to the Idaho Council on Developmental Disabilities; to the Idaho State Independent Living Council; or to the Idaho Council for the Deaf and Hard of Hearing.

History: Originally enacted in 1976, the school credit applied only to private nonprofit secondary or higher education institutions. Elementary schools were added in 1977. Public institutions of higher education were added in 1978. All public schools and public libraries were added in 1984. The Idaho Public Broadcast System was added in 1986. Foundations of the qualifying institutions were added in 1987. The Idaho Historical Society was added in 1992. Nonprofit museums were added in 1994. The Idaho State Library was added in 1998. University-related research parks were added in 1999. Qualifying contributions are monetary donations less the value of any benefits received.

1.1.06 Grocery Credit *Idaho Code 63-3024A*

Description: Idaho households with no more than \$1,000 of taxable income received a \$50 grocery tax credit in 2008 for each taxpayer and their dependents. After that year, the credit increases by \$10 per year until it reaches \$100. The grocery tax credit for households with more than \$1,000 of taxable income started at \$30 in 2008 and

increases by \$10 annually until it reaches \$100. All Idahoans who are at least 65 years of age receive an additional \$20 credit. This credit is prorated for food stamp participants, incarcerated persons, and part-year residents.

History: The grocery credit was originally enacted in 1965 at a level of \$10. It was amended in 1972 to make the credit refundable to residents at least 65 years of age. It was amended in 1973 to increase the amount of the credit to \$15. It was amended in 1975 to make the credit refundable to all resident taxpayers who meet the filing requirement, and to increase the credit amount to \$20 for taxpayers at least 65 years of age. In 1978 the credit for resident seniors (at least 65 years of age) was increased to \$30. In 2001 the credit was increased to \$35 for resident seniors and to \$20 for resident nonseniors. Amended in 2008.

1.1.07 Recycling Equipment Credit *Idaho Code 63-3029D*

Description: This credit is for 20% of the cost of equipment used in manufacturing products that consist of postconsumer waste. The credit is limited to no more than \$30,000 in a single tax year, and unused portions may be carried forward up to seven years. It is nonrefundable.

History: This credit was enacted in 1994.

1.1.08 Technological Equipment Deduction *Idaho Code 63-3022J*

Description: A deduction from taxable income is allowed to individuals and corporations for the fair-market value of computers and scientific equipment (and computer software) that are donated to Idaho elementary and secondary schools, public libraries, or public and nonprofit private colleges and universities. The equipment may not be over five years old at the time of donation and the recipient must issue a written statement accepting the donation. The deduction cannot reduce taxable income to less than zero.

History: This deduction was enacted for schools in 1984 as 63-3025B. Libraries were added in 1985. Colleges and universities were added in 1995. The section was moved to 63-3022J in 1995. Private elementary and secondary schools were added in 2009.

1.1.09 Long-Term Care Insurance Deduction *Idaho Code 63-3022Q*

Description: This deduction from Idaho taxable income is for 100% of premiums for long-term care insurance not already deducted or accounted for in arriving at taxable income.

History: Enacted in 2001. Original deduction applied to 50% of premiums. Amended in 2004 to cover 100% of long-term care insurance premiums.

1.1.10 Alternative Energy Device Deduction *Idaho Code 63-3022C*

Description: The Alternative Energy Device Deduction allows a deduction for the cost of acquiring, constructing, and/or installing wood, pellet, solar, wind, geothermal energy, or natural gas/propane devices in the taxpayer's residence. The deduction is limited to 40% of the cost in the first year and 20% of the cost in the next three

years. No single year's deduction may exceed \$5,000. A taxpayer who buys a residence may claim any unused deduction associated with that residence subject to the restrictions noted above.

History: Enacted in 1976. Amended in 1994 to add natural gas and propane heating units, and to require that replaced wood burning stoves be surrendered to the Idaho Division of Environmental Quality.

1.1.11 Insulation Deduction *Idaho Code 63-3022B*

Description: This deduction is for the cost of insulation installed in buildings that "existed" as of January 1, 1976 and served as a residence of the taxpayer. A building "existed" if it was already built, under construction, or subject to an outstanding building permit. The insulation cannot be replacement for existing insulation.

History: Enacted in 1976.

1.1.12 Workers' Compensation Premium Deduction *Idaho Code 63-3022(m)*

Description: This deduction is allowed to self-employed individuals for the cost of workers' compensation insurance that has not already been deducted in arriving at taxable income.

History: Enacted in 1990.

1.1.13 Child Care Deduction *Idaho Code 63-3022D*

Description: The Child Care Deduction allows individual taxpayers to deduct childcare expenses that qualify for purposes of computing the federal child care credit. The maximum deduction allowed is \$3,000 for one qualifying child and \$6,000 for two or more qualifying children.

History: This deduction was enacted in 1977 in response to the federal switch from a deduction to a credit.

1.1.14 College Savings Deduction *Idaho Code 63-3022(n)*

Description: A deduction is allowed for amounts contributed to a college savings program (as defined in Chapter 54, Title 33, *Idaho Code*). The deduction is limited to a maximum of \$4,000 per tax year or \$8,000 per tax year for married couples filing a joint return.

History: Enacted in 2000.

1.1.15 Health Insurance Deduction *Idaho Code 63-3022P*

Description: A deduction is allowed for payments for health insurance, so long as those payments were not otherwise deductible from taxable income.

History: Enacted in 2000 for self-employed persons; added all persons in 2001.

1.1.16 Elderly and Developmental Disability Deduction *Idaho Code 63-3022E*

Description: This is a deduction from taxable income of \$1,000 for each eligible member of a household that is maintained by the taxpayer. The eligible members must be either 65 years of age or older, or developmentally disabled. The maximum amount of the deduction that the taxpayer can claim in any one tax year is \$3,000.

History: This deduction was enacted in 1981. Amended in 1984 to add developmentally disabled persons to the qualifying dependents. Amended in 1994 to allow the deduction on the developmentally disabled person's own return.

1.1.17 Adoption Expense Deduction *Idaho Code 63-3022I*

Description: This deduction is for up to \$3,000 of actual legal fees and medical costs incurred in an adoption.

History: This deduction was enacted in 1994.

1.1.18 Medical Savings Account Deduction *Idaho Code 63-3022K*

Description: This is a deduction for contributions to medical savings accounts. It is limited to a maximum of \$2,000 per taxpayer (per spouse on joint returns). Other restrictions apply.

History: This deduction was originally enacted in 1994 as Title 41, Chapter 53. Amended in 1995 to eliminate a restriction to high-deductible insurance policies, eliminated administrative responsibilities from the depository institution, and allowed taxpayer funded accounts to qualify. Also, it was moved to 63-3022K in 1995.

1.1.19 New Employees Credit *Idaho Code 63-3029F*

Description: Certain employers expanding payrolls are entitled to this credit. In order to qualify, employers must offer health insurance and pay at least \$15.00 per hour in areas with an unemployment rate of less than 10% and \$12.00 per hour in an area where unemployment is at least 10%. The size of this credit varies by an employer's rating by the Idaho Department of Labor based on the payment of unemployment taxes. Positive-rated employers receive a refundable tax credit equal to six percent (6%) of a new employee's gross annual wages. Standard-rated employers get a refundable tax credit equal to four percent (4%) of a new employee's gross annual wages. Deficit-rated employers receive a refundable tax credit equal to two percent (2%) of a new employee's gross annual wages.

History: Enacted in 2000. Amended in 2001 to cover all new employees, but only for tax year 2001. In 2003, the credit limit raised from 45% to 50% of tax otherwise imposed. Expanded in 2004 to include jobs that meet the hourly pay threshold and offer insurance coverage. This current credit reflects a major change to the previous credit in 2011. The current credit expires on December 31, 2013.

1.1.20 Riparian Land Improvements Credit *Idaho Code 63-3024B*

Description: This is a 50% credit for expenditures related to improving the habitat for threatened/endangered species or riparian habitat. The credit is limited to no more than \$2,000 per person per year, and no more than \$250,000 for all such credits allowed in a single tax year.

History: Enacted in 1997, effective January 1, 1998. Sunset on December 31, 2002.

1.1.21 Broadband Investment Credit *Idaho Code 63-3029I*

Description: This is a 3% credit for expenditures in qualified broadband equipment in Idaho. This credit is in addition to the 3% investment tax credit (see 1.1.01), for a total credit of 6% on broadband investments. The 3% credit is limited to no more than \$750,000 per taxpayer per year, and no more than the taxpayer's liability after all other credits in a single tax year. It can be carried forward for up to 14 years. This credit is transferable (sellable) to other taxpayers.

History: Effective January 1, 2001.

1.1.22 County Incentive Investment Tax Credit *Idaho Code 63-3029J*

Description: This is a variable rate credit for expenditures that qualify for Idaho's investment tax credit (see 1.1.01). Its rate is the greater of one-half of the amount by which the average three-year unemployment rate in the county in which the property is located exceeds 6%, or one-tenth of one percentage point for each full percentage point the three-year average per-capita income level in the county in which the property is located is below 90% of the statewide average per-capita income level. The credit is limited to no more than \$500,000 per taxpayer, and no more than the taxpayer's liability after all other credits in a single tax year. It can be carried forward for up to 14 years. This credit is transferable (sellable) to other taxpayers.

History: Enacted in 2001, effective January 1, 2001 through December 31, 2001.

1.1.23 Research Activity Credit *Idaho Code 63-3029G*

Description: This is a 5% credit for expenditures related to qualified research as defined in section 41 of the Internal Revenue Code. The research must be conducted in Idaho. The credit is limited to no more than the taxpayer's liability after all other credits in a single tax year, and it can be carried forward up to 14 years.

History: Enacted in 2001, effective January 1, 2001.

1.1.24 Promoter Sponsored Events Credit *Idaho Code 63-3620C(3)(b)*

Description: This provides a refundable income tax credit in the amount of \$1.00 for each temporary sales tax permit a sponsor or promoter of "promoter sponsored events" issues. Promoter sponsored events may include swap meets, flea markets, gun shows, fairs, and other similar events.

History: Enacted in 1999.

1.1.25 Corporate Headquarters Investment Credit *Idaho Code 63-2903*

Description: This credit is contingent on a taxpayer qualifying under the "Idaho Corporate Headquarters Incentive Act of 2005." It provides an income tax credit of 6% of the purchase price of new equipment installed anywhere in Idaho. Qualifying equipment is the same as equipment that qualifies under Idaho's 3% investment tax credit (see 1.1.01). This credit is in lieu of the investment tax credit, is limited to no more than \$5 million in any one tax year, and is not subject to the 50% limit specified in 63-3029B. This credit can be generated for eligible equipment purchases occurred through December 31, 2009. Unused credits can be carried forward for up to 14 years. General qualification criteria are specified in 63-2902, and can be summed up as making an investment of at least \$50 million in new corporate headquarters facilities and adding at least 500 new jobs that either a) each pay over \$50,000 per year, or b) that average \$65,000 per year.

History: Enacted in 2005. Repealed July 1, 2008.

1.1.26 Corporate Headquarters Real Property Improvement Credit *Idaho Code 63-2904*

Description: This credit is contingent on a taxpayer qualifying under the "Idaho Corporate Headquarters Incentive Act of 2005." It provides an income tax credit of 10% of the purchase price of new plant (buildings and structural components of buildings) within the project site as specified in 63-2902. This credit is limited to no more than \$500,000 in any one tax year, and is not subject to the 50% limit specified in 63-3029B. This credit can be generated for plant purchases occurred through December 31, 2009. Unused credits can be carried forward for up to 14 years. General qualification criteria are specified in 63-2902, and can be summed up as making an investment of at least \$50 million in new corporate headquarters facilities and adding at least 500 new jobs that either a) each pay over \$50,000 per year, or b) that average \$65,000 per year.

History: Enacted in 2005. Repealed July 1, 2008.

1.1.27 Corporate Headquarters New Jobs Credit *Idaho Code 63-2905*

Description: This credit is contingent on a taxpayer qualifying under the "Idaho Corporate Headquarters Incentive Act of 2005." It provides an income tax credit ranging from \$1,500 to \$3,000 for each eligible new job created through December 31, 2009. This credit is not subject to the 50% limit specified in 63-3029B. Unused credits can be carried forward for up to ten years. General qualification criteria are specified in 63-2902, and can be summed up as making an investment of at least \$50 million in new corporate headquarters facilities and adding at least 500 new jobs that either a) each pay over \$50,000 per year, or b) that average \$65,000 per year.

History: Enacted in 2005. Repealed July 1, 2008.

1.1.28 Small Employer Capital Investment Credit *Idaho Code 63-4403*

Description: This credit is contingent on a taxpayer qualifying under the “Idaho Small Employer Incentive Act of 2005.” It provides an income tax credit of 3.75% of the purchase price of new equipment installed anywhere in Idaho. Qualifying equipment is the same as equipment that qualifies under Idaho’s 3% investment tax credit (see 1.1.01). This credit is in lieu of the investment tax credit, is limited to no more than \$750,000 in any one tax year, and is subject to a 62.5% limit instead of the 50% limit specified in 63-3029B. This credit can be generated for eligible equipment purchases occurring from January 1, 2006 through December 31, 2020. Unused credits can be carried forward for up to 14 years. 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, not including employees earning more than \$48.08 per hour.

History: Enacted in 2005. Amended in 2006. Average wage calculation amended in 2008. Amended in 2009 to extend this credit to 2020.

1.1.29 Small Employer Real Property Improvement Credit *Idaho Code 63-4404*

Description: This credit is contingent on a taxpayer qualifying under the “Idaho Small Employer Incentive Act of 2005.” It provides an income tax credit of 2.5% of the purchase price of new plant (buildings and structural components of buildings) within the project site as specified in 63-2902. This credit is limited to no more than \$125,000 in any one tax year. This credit can be generated for plant purchases occurring from January 1, 2006 through December 31, 2020. Unused credits can be carried forward for up to 14 years. 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, not including employees earning more than \$48.08 per hour.

History: Enacted in 2005. Amended in 2006. Average wage calculation amended in 2008. Amended in 2009 to extend this credit to 2020.

1.1.30 Small Employer New Jobs Credit *Idaho Code 63-4405*

Description: This credit is contingent on a taxpayer qualifying under the “Idaho Small Employer Incentive Act of 2005.” It provides an income tax credit ranging from \$1,500 to \$3,000 for each eligible new job created from January 1, 2006 through December 31, 2020. This credit is limited to 62.5% of the taxpayer’s tax liability in any given year. Unused credits can be carried forward for up to ten years. 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, not including employees earning more than \$48.08 per hour.

History: Enacted in 2005. Amended in 2006. Average wage calculation amended in 2008. Amended in 2009 to extend this credit to 2020.

1.1.31 Live Organ Donation Expenses Credit *Idaho Code 63-3029K*

Description: This credit is for a donor's not reimbursed direct expenses associated with a live organ donation. The total credit is limited to the lower of the actual expenses or \$5,000. This credit can be carried forward up to five years.

History: Enacted in 2006. Effective January 1, 2007.

1.1.32 Biofuel Investment Tax Credit *Idaho Code 63-3029M*

Description: A 6% investment tax credit (ITC) for any Idaho retail fuel dealer or distributor for infrastructure investments to provide biofuels to their customers. The biofuel ITC is in lieu of the regular 3% investment tax credit (see 1.1.01). The amount of credit is limited to 50% of the taxpayer's income tax liability. Any unused credit can be carried forward up to an additional five years. The recapture period is five years from the date the investment was made. During this period, biofuel must be sold on a continuing basis.

History: Effective January 1, 2007 and expires December 31, 2011.

1.2.01 Capital Gains Exclusion *Idaho Code 63-3022H*

Description: This exclusion is allowed for 60% of the gain from the sale of certain property. To qualify for this exclusion the property must have had an Idaho situs at the time of sale, and is limited to real property held for at least 12 months; tangible personal property that was used in manufacturing, mining, agriculture, wholesaling, or research and development and held for 12 months or longer; certain cattle or horses held for 24 months or longer; other breeding livestock held 12 months or longer; or timber held for over 24 months or longer.

History: Enacted in 1987. Amended in 1995 to add various restrictions, including a requirement that qualifying timber must be grown in Idaho, and livestock gain claimants must derive at least half of their gross income from farming or ranching operations in Idaho. Amended in 1998 to reduce the holding period for real estate from five years to eighteen months. Amended in 2005 to reduce the holding period for real estate from 18 months to 12 months. Amended in 2008 to clarify pass-through entity holding periods.

1.2.02 Government Interest Exclusion *Idaho Code 63-3022M*

Description: This exclusion is for the amount of interest earned on securities issued by the State of Idaho and/or local governments, and interest earned on securities issued by the federal government. The interest exclusion must be reduced by an amount that is calculated by multiplying the taxpayer's total deductible interest expense, times the ratio of the taxpayer's interest income from the tax-exempt obligations to the taxpayer's total income.

History: This exclusion has been in effect since enactment of the income tax. The offset calculation was modified and moved to 63-3022M in 1998 and modified in 1999 to correct the calculation of deductible interest expense.

1.2.03 Social Security Exclusion *Idaho Code 63-3022(I)*

Description: This exclusion is for the amount of social security income that is **included** in arriving at federal adjusted gross income. No social security income is subject to Idaho's income tax.

History: This exclusion was enacted in 1984 in response to federal taxation of a portion of social security income.

1.2.04 Railroad Retirement Exclusion *Idaho Code 63-3022(I)*

Description: This exclusion is for the amount of railroad retirement benefits paid by the Railroad Retirement Board that are **included** in federal adjusted gross income. Railroad retirement is the equivalent of social security for railroad employees.

History: Enacted in 1984.

1.2.05 Retirement Benefit Exclusion *Idaho Code 63-3022A*

Description: This exclusion is for retirement benefits paid by any of the following: a) U.S. civil service retirement system; b) fireman's retirement fund of Idaho; c) policeman's retirement fund of a city within Idaho; and d) U.S. Military. The exclusion is available to either retirees or un-remarried widows of retirees who are 65 years of age or older, or are disabled and 62 years of age or older. The exclusion is limited to the actual retirement payment or the maximum amount of social security benefits available, whichever is less.

History: This exclusion was enacted in 1973. It is revised annually by the Tax Commission to adjust the maximum exclusion amount.

1.2.06 Idaho Lottery Winnings Exclusion *Idaho Code 67-7439*

Description: Excludes Idaho Lottery prizes of less than \$600 from taxable income.

History: Originally enacted in 1988 as a 100% exclusion. Amended in 1997 to limit the income exclusion to prizes of less than \$600 (effective 1/1/98). Amended in 1998 to restrict the exclusion to Idaho State Lottery winnings.

1.2.07 Indian Earnings on Reservation Exclusion *Idaho Income Tax Administrative Rule 033*

Description: Income earned on an Indian reservation by enrolled tribal members residing on the reservation.

History: This exclusion is the result of various treaties and case law.

1.2.08 World War II Reparations Exclusion *Idaho Code 63-3022G*

Description: Amounts paid to individuals from the United States Civil Liberties Public Education fund.

History: Enacted in 1989.

1.2.09 Marriage Penalty Deduction *Idaho Code 63-3022N*

Description: Idaho joint income tax returns are given an additional standard deduction amount equal to double the single standard deduction less the joint deduction. This deduction is not available to returns that claim itemized deductions. Beginning in 2003 the federal standard deduction for joint filers has been twice the standard deduction for single filers, which eliminated the Idaho Marriage Penalty deduction.

History: Enacted in 1999 at a level of \$150. Amended in 2000 to make it the difference between the joint standard deduction and two times the single standard deduction. Eliminated in 2003 by federal tax policy.

SALES AND USE TAX DETAIL

The following sales tax expenditures can be divided into four broad categories: 2.1.01 through 2.1.29 cover sales tax expenditures that are related to the specific uses of goods and services; 2.2.01 through 2.2.15 cover sales tax expenditures that are related to specific goods; 2.3.01 through 2.3.15 cover sales tax expenditures that are related to specific services; and 2.4.01 through 2.4.29 cover sales tax expenditures that are related to specific entities that receive exemptions on either all or part of the purchases or sales they make.

The listing for exempt services requires a special note. While a variety of classification systems are possible, the classification used here follows the structure of the North American Industry Classification System (NAICS) Manual, Executive Office of the President, Office of Management and Budget. This classification system was chosen because it is the basis for reporting a considerable variety of economic data, including that used for estimating the revenue impact associated with the various services delineated.

The NAICS coding system is based on the primary activity of the establishment being coded. For example, one of the activities included under the major group heading Personal Care Services is Barber Shops and Beauty Salons. The primary function of these establishments is the performance of haircuts and hair styling, both personal services that are presently exempt from sales tax. However, such establishments will also typically engage in retailing hair care products, transactions that are taxable. Thus, the receipts of a service establishment (such as a barbershop) can contain both exempt and taxable components. This is taken into consideration in the estimates of fiscal impact contained herein.

Another feature of the services classification used in this document relates to the classification of types of services versus classification of industrial categories. NAICS categories include major groupings for Repair and Maintenance. This category includes repairs to televisions, stereos, appliances, tools, watches, jewelry, furniture, and most other tangible property. This group covers the bulk of all "repair services."

For these reasons, care must be taken in moving from this classification of services (based on NAICS definitions) and any other classification of services (based on broader conceptual notions, such as repairs to tangible personal property).

2.1.01 Production Exemption - Equipment *Idaho Code 63-3622D; 63-3622J*

Description: This feature of the production exemption exempts equipment used to produce a taxable product for retail sale. 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 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; and equipment used to produce exempted gas, electricity, water, 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. 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.

2.1.02 Production Exemption - Supplies *Idaho Code 63-3622D, 63-3622JJ*

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.

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 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; and supplies used to produce exempted gas, electricity, water, 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. Amended in 2006 to add inputs used to manufacture heating materials. Amended in 2008 to include inputs used to process certain materials for the production of energy.

2.1.03 Irrigation Equipment and Supplies *Idaho Code 63-3622W*

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).

2.1.04 Pollution Control Equipment *Idaho Code 63-3622X*

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. Amended in 2006 to include liners and reagents mandated by state or federal governments to meet water quality standards. Amended in 2007 to include personal property that is primarily used for meeting air or water quality standards that becomes a component, fixture, or improvement to real property.

2.1.05 Broadcast Equipment and Supplies *Idaho Code 63-3622S*

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.

2.1.06 Publishing Equipment and Supplies *Idaho Code 63-3622T*

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 the exclusions from the exemption.

2.1.07 Commercial Aircraft *Idaho Code 63-3622GG*

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.

2.1.08 Railroad Rolling Stock and Remanufacturing *Idaho Code 63-3622CC; 63-3622DD*

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.

2.1.09 Interstate Trucks *Idaho Code 63-3622R(c)*

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.

2.1.10 Out-of-State Contracts *Idaho Code 63-3622B*

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.

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

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 barter.

2.1.12 Sale or Lease of Businesses or Business Assets *Idaho Code 63-3622K(b)(2-5)*

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 a 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.

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

Description: Exempts goods purchased with WIC checks and federal food stamps.

History: Mandated in 1987 by the federal government.

2.1.14 Motor Vehicles Used Outside of Idaho *Idaho Code 63-3622R(a)*

Description: Exempts vehicles under 26,000 pounds bought in Idaho for use by a nonresident outside of Idaho. It also applies to trailers. (See 2.1.09 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 the weight limit.

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

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.

2.1.16 Donations of Real Property to Idaho Government *Idaho Code 63-3621(m)*

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.

2.1.17 Incidental Sales of Tangible Personal Property *Idaho Code 63-3609*

Description: Exempts goods sold incidentally when selling real property, such as a stove and refrigerator included with a home.

History: Enacted in 1985.

2.1.18 Lodging, Eating, and Drinking Places *Idaho Code 63-3612*

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.

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

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 sales of meals to aging persons under the Older Americans Act Program.

2.1.20 Drivers Education Automobiles *Idaho Code 63-3622R(e)*

Description: Exempts the value of motor vehicles that are temporarily donated to drivers' education programs.

History: Enacted in 1995. Designation changed from *Idaho Code 63-3622R(d)* to *Idaho Code 63-3622R(e)* in 2006.

2.1.21 Ski Lifts and Snowgrooming Equipment *Idaho Code 63-3622Y*

Description: Exempts the lifts, snow groomers, and snowmaking equipment used by the owner of a ski area.

History: Enacted in 1995.

2.1.22 Clean Rooms *Idaho Code 63-3622NN*

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. Extended to include clean rooms used for research and development in 2005.

2.1.23 Alternative Electricity-Producing Equipment *Idaho Code 63-3622QQ*

Description: Provides a refund of sales tax paid for machinery and equipment used in alternative types of electricity production. To qualify, the facility must have a capacity of at least 25 kilowatts. The alternative methods that qualify for this exemption are fuel cells, low-impact hydro, wind, geothermal, cogeneration, solar, landfill gases, and biomass.

History: Enacted in 2005 and sunsets July 1, 2011.

2.1.24 Research and Development Equipment *Idaho Code 63-3622RR*

Description: Exempts tangible personal property used in research and development activities.

History: Enacted in 2005.

2.1.25 Corporate Headquarters Construction *Idaho Code 63-2908*

Description: This rebate is contingent on a taxpayer qualifying under the "Idaho Corporate Headquarters Incentive Act of 2005." It provides a sales and use tax rebate for all sales and use taxes paid on property constructed, located, or installed in the "project site" (as specified in 63-2902) through December 31, 2009. General qualification criteria are specified in 63-2902, and can be summed up as making an investment of at least \$50 million in new corporate headquarters facilities and adding at least 500 new jobs that either a) each pay over \$50,000 per year, or b) that average \$65,000 per year.

History: Enacted in 2005. Repealed July 1, 2008.

2.1.26 Small Employer Headquarters Construction *Idaho Code 63-4408*

Description: 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.

History: Enacted in 2005. Amended in 2006. Average wage calculation amended in 2008. Amended in 2009 to extend this exemption to 2020.

2.1.27 Glider Kit Vehicles *Idaho Code 63-3622R(d)*

Description: Glider kit vehicles, as defined in *Idaho Code* 49-123(f), are exempted from the Idaho sales tax.

History: Enacted in 2006.

2.1.28 Media Production Projects *Idaho Code 63-3622TT*

Description: Rebates sales tax paid on certain media projects produced in Idaho.

History: Enacted in 2006. Sunsets on July 1, 2016.

2.1.29 State Tax Anticipation Revenue *Idaho Code 63-3641*

Description: Rebates 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.

History: Enacted in 2007. Amended in 2009 to lower minimum freeway interchange project size from \$8 million to \$6 million.

2.1.30 Motor Vehicles of Nonresident Students *Idaho Code 63-3621(k)*

Description: Exempts a full-time, nonresident post-secondary student's vehicle from the use tax.

History: Enacted in 2011.

2.1.31 Personal Property of Military Personnel *Idaho Code 63-3621(l)*

Description: Exempts personal items, including vehicles, brought into the state by military personnel temporarily assigned to Idaho and their spouses from the use tax.

History: Enacted in 2011.

2.2.01 Motor Fuels *Idaho Code 63-3622C*

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.

2.2.02 Heating Materials *Idaho Code 63-3622G*

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).

2.2.03 Utility Sales *Idaho Code 63-3622F*

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).

2.2.04 Used Mobile Homes *Idaho Code 63-3622R(b)*

Description: Exempts sales of used manufactured homes from the sales tax.

History: Original 63-3622(u) amended in 1976 to exempt sales of used manufactured homes.

2.2.05 Vending Machines and Amusement Devices *Idaho Code 63-3622II*

Description: Exempts coin-operated machines that vend a taxable product or service.

History: Enacted in 1990.

2.2.06 Prescriptions and Durable Medical Equipment *Idaho Code 63-3622N*

Description: Exempts most prescription medical items.

History: This exemption was originally enacted as 63-3622(o) 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 aids, and crutches. It was amended in 1990 to add durable medical equipment, and numerous other prescription items. Amended in 1998 to exempt dental prostheses and other orthodontic appliances, except fillings. Amended in 2008 to include qualified items prescribed by physician assistants.

2.2.07 Funeral Caskets *Idaho Code 63-3622U*

Description: Exempts goods sold in conjunction with a funeral.

History: Originally enacted in 1977 as 63-3622(y).

2.2.08 Containers *Idaho Code 63-3622E*

Description: Exempts containers that are part of goods for sale, including returnable containers.

History: Originally enacted in 1965 as 63-3622(e).

2.2.09 Nonprofit Literature *Idaho Code 63-3622I*

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 versus Bullock*. Amended in 1999 to include alternative forms, including audio-visual, magnetic, optical, and other machine-readable media.

2.2.10 Official Documents *Idaho Code 63-3622AA*

Description: Exempts sales of documents when the fee for the document is set by *Idaho Code*.

History: Originally enacted in 1984.

2.2.11 Precious Metal Bullion *Idaho Code 63-3622V*

Description: Exempts sales of precious metal bullion and coins.

History: Originally enacted in 1982 as 63-3622(z).

2.2.12 Idaho Commemorative Silver Medallions *Idaho Code 63-3622PP*

Description: Exempts sales of Idaho commemorative silver medallions.

History: Originally enacted in 2003.

2.2.13 New Manufactured Homes or Modular Buildings *Idaho Code 63-3613(c)*

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).

2.2.14 Telecommunications Equipment *Idaho Code 63-3613(b)10, 63-3621(a)*

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.

2.2.15 Personal Property Tax on Rentals *Idaho Code 63-3622UU*

Description: 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.

History: Enacted in 2008.

2.3.01 Construction *Idaho Code 63-3609*

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.

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 use by such persons of tangible personal property are taxable whether or not such persons intend resale of the improved property (*Idaho Code 63-3609*)."

2.3.02 Agricultural and Industrial Services

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.

2.3.03 Transportation Services *Idaho Code 63-3613(b)7*

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 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.

2.3.04 Information Services

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 groups 515, 516, 517, 518, and 519 are included in this category.

History: Communications have been exempt since the enactment of the sales tax in 1965.

2.3.05 Repairs *Idaho Code 63-3613(b)4*

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.

2.3.06 Professional Services

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.

2.3.07 Business Services

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.

2.3.08 Personal Services

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.

2.3.09 Health and Medical Services

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.

2.3.10 Social Services

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.

2.3.11 Educational Services

Description: Private 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.

2.3.12 Lottery Tickets and Pari-Mutuel Betting *Idaho Code 67-7439*

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.

2.3.13 Media Measurement Services *Idaho Code 63-3622LL*

Description: Exempts the sale and purchase of any television, radio, newspaper, or other media measurement service.

History: Enacted in 1997.

2.3.14 Miscellaneous Services

Description: This includes all personal service industries not classified elsewhere. Includes pet care, barber shops, and parking lots and garages. NAICS major group 8129 is in this category.

History: Exempt since enactment of the sales tax in 1965.

2.3.15 Nonprofit Shooting Range Fees *Idaho Code 63-3622SS*

Description: Exempts fees and memberships of nonprofit shooting and hunting organizations from the Idaho sales tax.

History: Enacted in 2006.

2.3.16 Gratuities for Meals *Idaho Code 63-3613(f)*

Description: Exempts mandatory and voluntary gratuities for meals from the Idaho sales tax.

History: Enacted in 2011.

2.4.01 Educational Institution Purchases *Idaho Code 63-36220(1)(a) and 33-5204*

Description: Exempts all purchases by nonprofit colleges, universities, and 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 nonresident schools with Idaho facilities. It was amended in 1993 to add all nonresident schools not otherwise excluded. In 1999, 33-5204 was added to explicitly include charter schools to this exemption. Amended in 2008 to include the Idaho Digital Learning Academy.

2.4.02 Hospital Purchases *Idaho Code 63-36220(1)(a)*

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.

2.4.03 Health Entity Purchases *Idaho Code 63-36220(1)(a)*

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 several times to expand the list of eligible entities.

2.4.04 Canal Company Purchases *Idaho Code 63-36220(1)(a)*

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).

2.4.05 Forest Protective Association Purchases *Idaho Code 63-36220(1)(a)*

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.

2.4.06 Food Bank Purchases *Idaho Code 63-36220(1)(b, c)*

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.

2.4.07 Nonsale Clothier Purchases *Idaho Code 63-36220(1)(d)*

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.

2.4.08 Centers for Independent Living *Idaho Code 63-36220(1)(e)*

Description: Exempts sales to or purchases by centers for independent living. Centers for independent living are defined as private, nonprofit, nonresidential organizations where at least 51% of the governing boards are individuals with disabilities.

History: Enacted in 1997.

2.4.09 State of Idaho and Local Government Purchases *Idaho Code 63-36220(1)(f)*

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.

2.4.10 Ronald McDonald House Rooms *Idaho Code 63-36220(5)*

Description: This exempts the renting of a place to sleep by the Ronald McDonald House.

History: Enacted in 1997.

2.4.11 INL Research and Development Purchases *Idaho Code 63-3622BB*

Description: Exempts goods used for research and development at the Idaho National Laboratory (INL).

History: It was originally enacted in 1967 and exempted all federal research and development and nuclear fuel reprocessing under 63-3615. It was amended in 1969 to limit to INL only. It was recodified in 1985 as 63-3622BB and removed nuclear fuel reprocessing from the exemption.

2.4.12 Motor Vehicle Purchases by Family Members *Idaho Code 63-3622K(c)*

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.

2.4.13 Sales by 4-H and FFA Clubs at Fairs *Idaho Code 63-3622K(b)7*

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.

2.4.14 Sales by Nonretailers (Yard and Occasional Sales) *Idaho Code 63-3622K(b)(1,6,8)*

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(l) in 1965. Yard sales added as 63-3622H in 1984 and moved to 63-3622K(b)(8) in 1997.

2.4.15 Sales by Indian Tribes on Reservations *Idaho Code 63-3622Z*

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 if a 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.

2.4.16 Sales of Meals by Churches to Members *Idaho Code 63-3622J*

Description: Exempts meals sold at church functions to members of the congregation.

History: Originally enacted as 63-3622(k) in 1965.

2.4.17 Sales by Outfitters and Guides *Idaho Code 63-3613(b)9*

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.

2.4.18 Sales Through Vending Machines *Idaho Code 63-3613(e)*

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.

2.4.19 Auto Manufacturer Rebates *Idaho Code 63-3613(b)8*

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.

2.4.20 Incidental Sales by Churches *Idaho Code 63-3622KK*

Description: Exempts sales by churches that do not regularly compete with private enterprise.

History: Enacted in 1990.

2.4.21 Federal Excise Tax Imposed at Retail Level *Idaho Code 63-3613(b)5*

Description: Excludes retail level federal excise taxes from the taxable sales price.

History: Originally enacted in 1965.

2.4.22 Federal Constitutional Prohibitions *Idaho Code 63-3622A*

Description: State cannot tax goods when prohibited by the U.S. Constitution.

History: Originally enacted in 1965 as 63-3622(a).

2.4.23 Other Federal and State Statutory Prohibitions

Description: 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, Junior College Dormitory Housing Authority, Production Credit Association, Regional Airport Authority, aircraft flights, and navigable water-based transportation.

History: Varies by statute.

2.4.24 Volunteer Fire Departments and Emergency Medical Service Agencies *Idaho Code 63-36220(1)(g)*

Description: Exempts purchases by volunteer fire departments and medical service agencies.

History: Enacted in 2002.

2.4.25 Senior Citizens Centers *Idaho Code 63-36220(1)(h)*

Description: Exempts purchases by senior citizen centers.

History: Enacted in 2002.

2.4.26 Blind Services Foundation, Inc. Idaho Code 63-36220(1)(i)

Description: Exempts purchases by Blind Services Foundation, Inc.

History: Enacted in 2004.

2.4.27 Advocates for Survivors of Domestic Violence and Sexual Assault Idaho Code 63-36220(1)(j)

Description: Exempts purchases by Advocates for Survivors of Domestic Violence and Sexual Assault.

History: Enacted in 2006

2.4.28 Free Dental Clinics Idaho Code 63-36220(1)(k)

Description: Exempts purchases by dental clinics providing free dental services to children.

History: Enacted in 2006

2.4.29 Museums Idaho Code 63-36220(1)(l)

Description: Exempts purchases by and admissions to nonprofit museums.

History: Enacted in 2006

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