

General Fund Revenue Book

- Economic Forecast
- Revenue Projections
- Tax Structure

Fiscal Year 2016

July 1, 2015 - June 30, 2016



A handwritten signature in black ink, appearing to read "C.L. Butch Otter".

C.L. "Butch" Otter, Governor

This page left blank intentionally.

State of Idaho
C.L. “Butch” Otter, Governor

General Fund Revenue Book

**FY 2016 Executive Budget
January 2015**

- Economic Forecast
- Revenue Projections
- Tax Structure

Prepared by
Idaho Division of Financial Management
Executive Office of the Governor

Costs associated with this publication are available from
the Idaho Division of Financial Management
in accordance with Section 60-202, *Idaho Code*.
01-15/58505/010200-180-4001

This page left blank intentionally.

TABLE OF CONTENTS

Introduction	1
Section 1 - Economic Forecast.....	3
Executive Summary	5
National Forecast Description	8
Idaho Forecast Description	15
Alternative Forecasts.....	22
Section 2 - Revenue Projections	25
Description of Individual Revenue Sources	25
General Fund Revenue Summary	26
Individual Income Tax.....	29
Corporate Income Tax	32
Sales Tax	35
Cigarette Tax	38
Tobacco Tax.....	42
Beer Tax	44
Wine Tax	46
Kilowatt-Hour Tax.....	48
Mine License Tax.....	50
Liquor Fund.....	52
Interest Earnings.....	54
Court Fees and Fines.....	54
Insurance Premium Tax.....	55
Alcoholic Beverage Licenses	55
Unclaimed Property	56
UCC Filings.....	56
Other Departments and Transfers.....	57
Estate and Transfer Tax	57
Miscellaneous Revenues.....	58
Section 3 - Tax Structure	59
Introduction	61
Individual and Corporate Income Tax	63
Sales and Use Tax.....	65
Fiscal Summary Table	68
Tax Structure Detail	71
Individual and Corporate Income Tax	71
Sales and Use Tax	83
Cross Reference Table	99
In <i>General Fund Revenue Book Order</i>	99
In <i>Idaho Code Order</i>	103

This page left blank intentionally.

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 depends upon an 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 respectively 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. 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.

¹The IEM is in turn based on the IHS Economics model of the US economy. Descriptions of both are available in the current *Idaho Economic Forecast*, published by the Idaho Division of Financial Management.

This page left blank intentionally.

Idaho Economic Forecast

The following tables and text are taken from the
January 2015 *Idaho Economic Forecast*,
a publication produced by the
Idaho Division of Financial Management.

This page left blank intentionally.

EXECUTIVE SUMMARY

After a prolonged recession that extended beyond initial expectations and a subpar recovery, Idaho seems to have finally returned to a more sustainable growth pattern. While employment in Idaho has been growing steadily since the last quarter of 2010, seasonally adjusted nonfarm payrolls struggled to reach the prerecession level of 656,000. As economic conditions improved in 2014, nonfarm payrolls finally exceeded that threshold sometime during the third quarter and are anticipated to have continued to grow into the fourth quarter. As employment has rebounded, so has Idaho personal income. Over the last year income has been growing at an accelerated rate, largely due to record-level farm income. Soaring farm incomes are not expected to persist past 2014 and are even expected to decline in 2015, which is likely to have an impact on aggregate state income. Real personal income growth is forecast to be 3.6% in 2014, 2.4% in 2015, 3.3% in 2016, 3.6% in 2017, and 3.1% in 2018. While still growing, Idaho's housing market has not recovered as fast as was previously predicted. This slowdown is likely the result of a larger number of existing homes reentering the market. One of the reasons that the inventory of existing homes was so low over the past few years is that many home owners that may have wanted to sell their homes were waiting for home values to rise. With the rapid rise in home values over the last few years, many of these home owners have been enticed to relist existing homes, adding to the inventory of houses for sale. The decline in housing starts in 2014 is likely a temporary correction, rather than the beginning of a new set of declines, and is expected to expand again in 2015 and continue to grow in each additional year of the forecast period.

Several economic indicators provide evidence that the US economy continued to recover in the third quarter of 2014, although growth in some facets of the economy continues to be underwhelming. Real consumer spending grew at an annualized rate of 1.8% in the third quarter of 2014, which is not as strong as the 2.5% growth rate in the second quarter, but it is expected to increase to 3.1% in the fourth quarter. This expected fourth quarter acceleration is partially due to lower fuel costs and a renewed confidence in the US economy by consumers. With consumer spending growing at a more robust pace, the Federal Reserve determined that the economy has sufficient underlying strength to end the latest round of large-scale asset purchases known as quantitative easing. The US housing market, one of the most important pieces of the economy in the recovery, is beginning to slow and reenter a more stable growth pattern. This slowdown is not necessarily cause for concern, but it is unexpected as the more robust recovery phase was previously forecast to last longer. Over the last two years new home sales grew at a faster pace than existing home sales, although existing home sales still outnumbered new home sales by about five to one. Since the beginning of 2014, existing home sales have begun to grow at a faster rate than new home sales. This may be attributed to higher home prices that have helped to bring more homes into the existing home inventory. With consumer spending and housing back on a more normal beat, and the economy maintaining growth without auxiliary monetary tools, the US is expected to continue to grow at a modest pace over the forecast period. Real GDP is forecast to grow 2.2% in 2014, 2.6% in 2015, 2.8% in 2016, 3.0% in 2017, and 2.6% in 2018.

IDAHO ECONOMIC FORECAST

EXECUTIVE SUMMARY

JANUARY 2015

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
U.S. GDP (BILLIONS)											
Current \$	14,719	14,419	14,964	15,518	16,163	16,768	17,406	18,190	19,029	19,972	20,878
% Ch	1.7%	-2.0%	3.8%	3.7%	4.2%	3.7%	3.8%	4.5%	4.6%	5.0%	4.5%
2009 Chain-Weighted	14,830	14,419	14,784	15,021	15,369	15,710	16,055	16,467	16,924	17,435	17,884
% Ch	-0.3%	-2.8%	2.5%	1.6%	2.3%	2.2%	2.2%	2.6%	2.8%	3.0%	2.6%
PERSONAL INCOME - CURR \$											
Idaho (Millions)	50,355	49,257	50,420	53,342	56,072	58,272	61,222	63,403	66,440	70,073	73,631
% Ch	1.2%	-2.2%	2.4%	5.8%	5.1%	3.9%	5.1%	3.6%	4.8%	5.5%	5.1%
Idaho Nonfarm (Millions)	48,578	47,934	48,883	51,081	53,733	55,553	58,479	61,061	64,139	67,800	71,384
% Ch	0.8%	-1.3%	2.0%	4.5%	5.2%	3.4%	5.3%	4.4%	5.0%	5.7%	5.3%
U.S. (Billions)	12,430	12,087	12,429	13,202	13,888	14,167	14,766	15,404	16,170	17,079	17,943
% Ch	3.6%	-2.8%	2.8%	6.2%	5.2%	2.0%	4.2%	4.3%	5.0%	5.6%	5.1%
PERSONAL INCOME - 2009 \$											
Idaho (Millions)	50,325	49,258	49,598	51,216	52,864	54,289	56,267	57,645	59,561	61,712	63,642
% Ch	-1.8%	-2.1%	0.7%	3.3%	3.2%	2.7%	3.6%	2.4%	3.3%	3.6%	3.1%
Idaho Nonfarm (Millions)	48,548	47,937	48,087	49,045	50,658	51,756	53,746	55,515	57,499	59,711	61,700
% Ch	-2.2%	-1.3%	0.3%	2.0%	3.3%	2.2%	3.8%	3.3%	3.6%	3.8%	3.3%
U.S. (Billions)	12,422	12,088	12,227	12,676	13,093	13,199	13,570	14,005	14,496	15,041	15,509
% Ch	0.6%	-2.7%	1.1%	3.7%	3.3%	0.8%	2.8%	3.2%	3.5%	3.8%	3.1%
HOUSING STARTS											
Idaho	7,980	5,727	5,195	4,564	7,137	9,094	9,438	9,500	10,821	11,994	12,698
% Ch	-44.4%	-28.2%	-9.3%	-12.1%	56.4%	27.4%	3.8%	0.7%	13.9%	10.8%	5.9%
U.S. (Millions)	0.900	0.554	0.586	0.612	0.784	0.930	0.999	1.197	1.351	1.487	1.516
% Ch	-32.9%	-38.4%	5.7%	4.5%	28.1%	18.6%	7.5%	19.8%	12.9%	10.0%	2.0%
TOTAL NONFARM EMPLOYMENT											
Idaho	648,905	609,995	603,668	610,696	622,210	639,923	656,373	669,731	684,701	699,987	714,390
% Ch	-1.1%	-6.0%	-1.0%	1.2%	1.9%	2.8%	2.6%	2.0%	2.2%	2.2%	2.1%
U.S. (Thousands)	137,170	131,220	130,272	131,849	134,098	136,363	138,838	141,411	143,464	145,299	146,562
% Ch	-0.6%	-4.3%	-0.7%	1.2%	1.7%	1.7%	1.8%	1.9%	1.5%	1.3%	0.9%
SELECTED INTEREST RATES											
Federal Funds	1.9%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.4%	1.6%	3.3%	3.8%
Bank Prime	5.1%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.5%	4.6%	6.3%	6.8%
Existing Home Mortgage	6.2%	5.1%	4.9%	4.7%	3.8%	4.0%	4.3%	5.2%	5.8%	6.4%	6.6%
INFLATION											
GDP Price Deflator	1.9%	0.8%	1.2%	2.1%	1.8%	1.5%	1.6%	1.9%	1.8%	1.9%	1.9%
Personal Cons Deflator	3.1%	-0.1%	1.7%	2.5%	1.8%	1.2%	1.4%	1.1%	1.4%	1.8%	1.9%
Consumer Price Index	3.8%	-0.3%	1.6%	3.1%	2.1%	1.5%	1.7%	1.0%	1.6%	2.2%	2.2%

**National Variables Forecast by IHS Economics
Forecast Begins the THIRD Quarter of 2014**

IDAHO ECONOMIC FORECAST
EXECUTIVE SUMMARY
JANUARY 2015

	2014				2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
U.S. GDP (BILLIONS)												
Current \$	17,044	17,328	17,535	17,717	17,901	18,087	18,299	18,472	18,669	18,901	19,149	19,395
% Ch	-0.8%	6.8%	4.9%	4.2%	4.2%	4.2%	4.8%	3.8%	4.3%	5.1%	5.3%	5.2%
2009 Chain-Weighted	15,832	16,010	16,151	16,229	16,321	16,410	16,523	16,615	16,716	16,850	16,992	17,136
% Ch	-2.1%	4.6%	3.5%	2.0%	2.3%	2.2%	2.8%	2.2%	2.5%	3.2%	3.4%	3.4%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	60,148	61,653	61,348	61,739	62,353	62,964	63,725	64,571	65,224	65,998	66,824	67,715
% Ch	7.0%	10.4%	-2.0%	2.6%	4.0%	4.0%	4.9%	5.4%	4.1%	4.8%	5.1%	5.4%
Idaho Nonfarm (Millions)	57,324	58,300	58,882	59,412	60,096	60,702	61,345	62,101	62,954	63,708	64,498	65,397
% Ch	6.1%	7.0%	4.1%	3.6%	4.7%	4.1%	4.3%	5.0%	5.6%	4.9%	5.1%	5.7%
U.S. (Billions)	14,485	14,708	14,861	15,009	15,175	15,319	15,475	15,648	15,867	16,060	16,265	16,489
% Ch	4.9%	6.3%	4.2%	4.1%	4.5%	3.8%	4.2%	4.5%	5.7%	4.9%	5.2%	5.6%
PERSONAL INCOME - 2009 \$												
Idaho (Millions)	55,612	56,676	56,223	56,558	57,019	57,363	57,806	58,391	58,810	59,304	59,789	60,341
% Ch	5.6%	7.9%	-3.2%	2.4%	3.3%	2.4%	3.1%	4.1%	2.9%	3.4%	3.3%	3.7%
Idaho Nonfarm (Millions)	53,001	53,593	53,963	54,427	54,955	55,302	55,647	56,158	56,763	57,247	57,709	58,275
% Ch	4.6%	4.5%	2.8%	3.5%	3.9%	2.6%	2.5%	3.7%	4.4%	3.5%	3.3%	4.0%
U.S. (Billions)	13,392	13,520	13,619	13,750	13,877	13,956	14,038	14,150	14,307	14,431	14,553	14,694
% Ch	3.5%	3.9%	3.0%	3.9%	3.8%	2.3%	2.4%	3.2%	4.5%	3.5%	3.4%	3.9%
HOUSING STARTS												
Idaho	10,512	9,674	8,681	8,884	9,066	9,249	9,672	10,011	10,343	10,625	10,946	11,372
% Ch	3.4%	-28.3%	-35.1%	9.7%	8.5%	8.3%	19.6%	14.7%	14.0%	11.3%	12.6%	16.5%
U.S. (Millions)	0.925	0.985	1.024	1.062	1.119	1.182	1.224	1.261	1.302	1.321	1.353	1.431
% Ch	-33.7%	28.8%	16.6%	15.8%	23.3%	24.2%	15.2%	12.5%	13.5%	6.0%	10.1%	25.1%
TOTAL NONFARM EMPLOYMENT												
Idaho	653,080	653,864	657,674	660,875	664,542	667,817	671,304	675,259	678,895	682,740	686,747	690,422
% Ch	4.7%	0.5%	2.4%	2.0%	2.2%	2.0%	2.1%	2.4%	2.2%	2.3%	2.4%	2.2%
U.S. (Thousands)	137,755	138,510	139,210	139,880	140,572	141,169	141,745	142,156	142,645	143,182	143,732	144,296
% Ch	1.5%	2.2%	2.0%	1.9%	2.0%	1.7%	1.6%	1.2%	1.4%	1.5%	1.5%	1.6%
SELECTED INTEREST RATES												
Federal Funds	0.1%	0.1%	0.1%	0.1%	0.1%	0.3%	0.5%	0.8%	1.0%	1.3%	1.7%	2.2%
Bank Prime	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.5%	3.8%	4.0%	4.3%	4.7%	5.2%
Existing Home Mortgage	4.5%	4.3%	4.2%	4.2%	4.7%	5.1%	5.3%	5.5%	5.6%	5.7%	5.9%	6.1%
INFLATION												
GDP Price Deflator	1.3%	2.1%	1.3%	2.1%	1.9%	2.0%	1.9%	1.6%	1.8%	1.8%	1.9%	1.8%
Personal Cons Deflator	1.4%	2.3%	1.2%	0.2%	0.7%	1.5%	1.7%	1.3%	1.2%	1.4%	1.7%	1.6%
Consumer Price Index	1.9%	3.0%	1.1%	-0.3%	0.3%	1.7%	2.0%	1.2%	1.2%	1.5%	2.1%	1.9%

National Variables Forecast by IHS Economics
Forecast Begins the THIRD Quarter of 2014

NATIONAL FORECAST DESCRIPTION

The Forecast Period is the Third Quarter of 2014 through the Fourth Quarter of 2018

Several economic indicators provide evidence that the US economy continued to recover in the third quarter of 2014, although growth in some facets of the economy continues to be underwhelming. Consumer spending and consumer sentiment continued to grow in the third quarter, which will likely reverberate through the economy. The job markets also continued to improve in the third quarter, which was one of the factors that the Federal Reserve considered in their October decision to finalize their latest round of quantitative easing, signaling its belief that the economy is strong enough to stand on its own. The housing sector continued to recover in the third quarter, as well, albeit at a slower pace than previously anticipated.

Real consumer spending grew at an annualized rate of 1.8% in the third quarter of 2014, which is not as strong as the 2.5% growth rate in the second quarter, but it is expected to increase to 3.1% in the fourth quarter. This expected fourth quarter acceleration is partially due to lower fuel costs and a renewed confidence in the US economy by consumers. Both the Reuters/University of Michigan's consumer sentiment survey and the Conference Board's Consumer Confidence Index grew to the highest levels since before the recession in the third quarter. This means that consumers feel more optimistic about the economy and about their own financial situations, which is typically a precursor for higher consumption and spending. Lower fuel costs are also likely to create more room in the budgets of US consumers that can be used to purchase additional goods and services.

With consumer spending and employment growing at a more robust pace, the Federal Reserve determined that the economy has sufficient underlying strength to end the latest round of large-scale asset purchases known as quantitative easing. The ending to this program comes after several months of tapering these purchases of mortgage-backed securities and long-term Treasury securities, which were once purchased at a combined rate of as high as \$85 billion per month in an attempt to stimulate the economy during the sluggish recovery. The Federal Reserve has a dual mandate of maximizing employment while keeping inflation at appropriate levels. This move to finalize quantitative easing is important as it denotes the Committee's belief that there is finally sufficient strength in the economy to allow it to begin to stand on its own once again.

The US housing market, one of the most important pieces of the economy in the recovery, is beginning to slow and reenter a more stable growth pattern. This slowdown is not necessarily cause for concern, but it is unexpected as the more robust recovery phase was previously forecast to last longer. Over the last two years new home sales grew at a faster pace than existing home sales, although existing home sales still outnumbered new home sales by about five to one. Since the beginning of 2014, existing home sales have begun to grow at a faster rate than new home sales. This may be attributed to higher home prices that have helped to bring more homes into the existing home inventory.

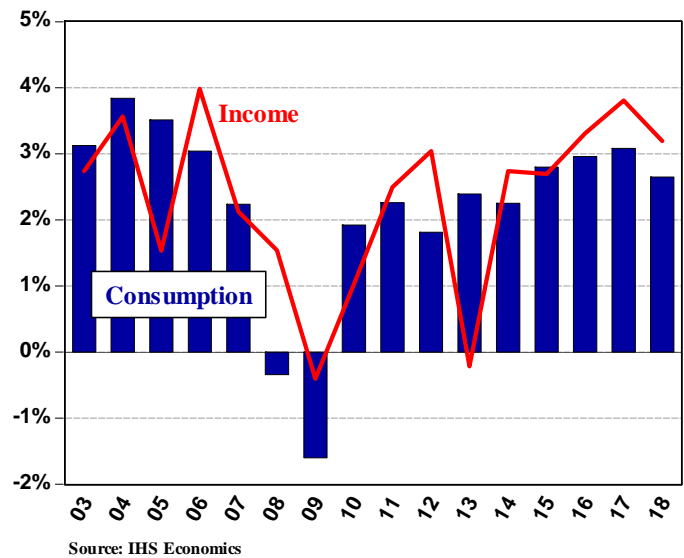
With consumer spending and housing back on a more normal beat, and the economy maintaining growth without auxiliary monetary tools, the US is expected to continue to grow at a modest pace over the forecast period. Consumer inflation is not expected to exceed 2.2% in any year of the forecast, and consumer spending is anticipated to maintain year-over-year growth between 2.3% and 3.1% through 2018. With this newfound stability, real GDP is forecast to grow 2.2% in 2014, 2.6% in 2015, 2.8% in 2016, 3.0% in 2017, and 2.6% in 2018.

SELECTED NATIONAL ECONOMIC INDICATORS

Consumer Spending: Persistently low consumer spending was one of the causes of the prolonged recovery following the recession of 2007 to 2009, but recent reports have shown that consumer spending and sentiment are gaining strength. The Reuters/University of Michigan's consumer sentiment survey increased by nearly 3% in October 2014, rising to its highest level since July 2007 as consumers felt particularly optimistic about their own personal finances and the outlook for the overall economy. Similarly, The Conference Board's Consumer Confidence Index also grew in October, which was largely attributed to a more favorable view of the current job market over the last few months. Consumer confidence and sentiment is an important driver of consumer spending growth. Personal consumption expenditures grew at an annualized rate of 1.8% in the third

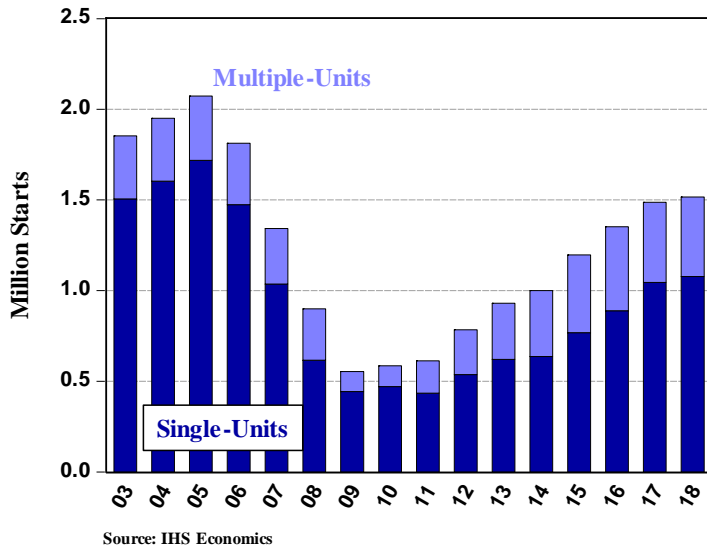
quarter of 2014, down from a 2.5% pace in the second quarter. Most of the growth in the third quarter came from durable goods sales, including new and used motor vehicles, furnishings, computers, and other similar goods. Personal spending on durable goods grew at a clip of 7.2% in the third quarter. Consumer spending on nondurable goods and services both grew at an annualized rate of 1.1% in the third quarter of 2014. Spending on nondurable goods was weighed down by a decrease in spending on fuel, which is largely due to a decrease in the price of fuel rather than a decrease in consumption. Third quarter spending on services was bolstered up by an increase in spending on financial services and insurance, which grew at a rate of 5.5% in that quarter. The service category was also impacted by the decrease in fuel prices, which had an impact on utilities as natural gas prices decreased at a rate of 61.7% in the third quarter. The rebound in consumer confidence should show in fourth quarter consumer spending, when personal expenditures on services is expected to increase at a 3.3% clip, followed by 2.7% in both the durable goods category and the nondurable goods category. Real consumer spending is forecast to grow by 2.3% for all of 2014, followed by 2.8% in 2015, 3.0% in 2016, 3.1% in 2017, and 2.6% in 2018.

US Real Consumption and Disposable Personal Income Growth



Housing: Although the US housing market continues to recover and expand, previously expected growth has been revised down slightly as stagnant housing formations have taken some of the steam out of new construction. Simultaneously, the growing housing prices have helped to expand the inventory of existing homes for sale at an accelerated pace. Existing home sales increased from an annual pace of 4.6 million units in the first quarter of 2014 to a 4.9-million unit pace in the second quarter. New housing starts expanded at a seasonally-adjusted annualized rate of 985,000 units in the second quarter of 2014 and are forecast to grow to a rate of just over one million units per year in the third quarter. The purchase price for homes also continued to grow in the first half of 2014. The Federal Housing Finance Agency's (FHFA) House Price Index increased at an annualized rate of 5.8% in the second quarter of 2014, although the FHFA Purchase-Only Index of home prices only increased at a rate of 5.3% in the second quarter. The Purchase-Only Index is based on more than six million repeat sales transactions on the same single-family properties and uses only the actual purchase price of homes. The somewhat rapid

US Housing Starts

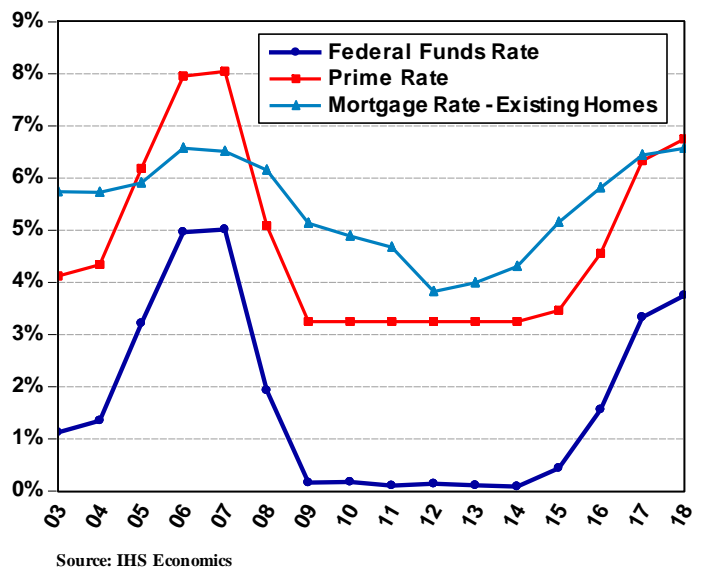


increase in home prices over the last two years has brought some relief for many potential home sellers that were waiting for the market value of their homes to meet their expectations. As a result, inventories of existing homes for sale are rising at a faster pace than the inventory of new homes. Formations of new households have also been slow over the course of the recovery, which is another reason that new home construction has not been as strong as was previously predicted. According to the “2014 Annual Social and Economic Supplement” to the *Current Population Survey*, 493,000 households formed in the year ending in March 2014. This was far below expectations and is one of the reasons that new home construction has

not been as strong as was previously predicted. Formations are expected to recover and grow at an average annual rate of 1.2% from 2014 through 2018. This should help to increase demand for new homes, which is expected to help to increase housing starts from roughly one million units in 2014 to more than 1.5 million units in 2018. Existing home sales are forecast to grow from 4.9 million units in 2014 to nearly 5.4 million units in 2018. The purchase price of homes in the US is anticipated to grow at an average annual rate of 2.1% through 2018.

Monetary Policy: After more than two years of continued improvement in the outlook for the labor market and sufficient strength in the broader economy, the Federal Reserve ended its third round of quantitative easing. Beginning in November 2014 the Federal Reserve’s Open Market Committee (FOMC) ended purchases of mortgage-backed securities and long-term Treasury security purchases. The decision to end the latest round of quantitative easing came as the Committee received information at their October meeting indicating that economic activity was continuing to expand at a moderate rate, with labor market conditions showing improvement. Because the FOMC has a dual mandate of maximum employment and price level stability in the US economy, the Committee chose to stick to a federal funds rate target at a range between 0.0% and 0.25% in order to continue to provide an economic environment that might further foster growth. The federal funds rate is the rate at which depository institutions lend reserve balances to other depository institutions overnight and is used by the Federal Reserve as a tool to guide the short-term interest rates. The Committee has stated that the federal funds rate target will likely remain low for a considerable time after the asset purchase program ends, and IHS Economics predicts that the first rate hike

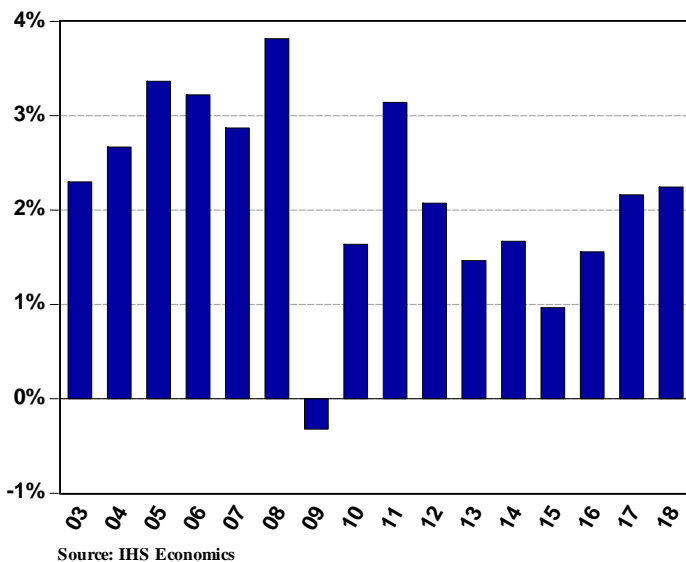
Selected US Interest Rates



may come as soon as mid-2015. Much of the likelihood of the rate target being lifted rests on the performance of the labor markets and the nation's ability to keep consumer inflation below a level of 2.0% annual growth. Inflation is anticipated to remain near 2.0% in each year through 2016 before it increases to a 2.2% growth rate in 2017 and 2018. The federal funds rate is forecast to average 0.1% in 2014, 0.4% in 2015, 1.6% in 2016, 3.3% in 2017, and 3.8% in 2018.

Inflation: Modest growth in overall prices along with declines in energy prices in recent months has made deflation a higher concern in the US than inflation. Consumer prices, as measured by the Consumer Price Index, grew at a rate of 1.1% in the third quarter of 2014, following a 3.0% growth rate in the second quarter. The Consumer Price Index tracks changes in the prices of goods and services typically purchased by urban consumers. Food prices helped to keep price level growth positive, growing at an annualized pace of 3.3% in the third quarter, while energy prices declined at a 3.7% rate. Because energy and food prices tend to be more volatile, the Consumer Price Index can be calculated with those variables removed to more clearly evaluate real price level growth, or core price level growth. Core consumer prices grew at a rate of 1.3% in the third quarter of 2014 and are expected to grow to a 1.8% growth rate in the fourth quarter. With the food and energy prices factored back into the equation, consumer prices are expected to decrease at a 0.3% clip in the fourth quarter, due to the decline in energy prices in the last part of 2014. Energy prices are forecast to contract at a pace of 19.9% in the fourth quarter, with all of the contraction occurring in energy commodities. This energy price decline is expected to endure into the first few months of 2015, contracting at a clip of 16.6% in the first quarter before it begins to show signs of growth. For all of 2015, energy prices are forecast to decline by 8.0%, followed by a slight decline of 0.5% in 2016. Energy prices are then expected to increase by 4.7% in

US Consumer Price Inflation



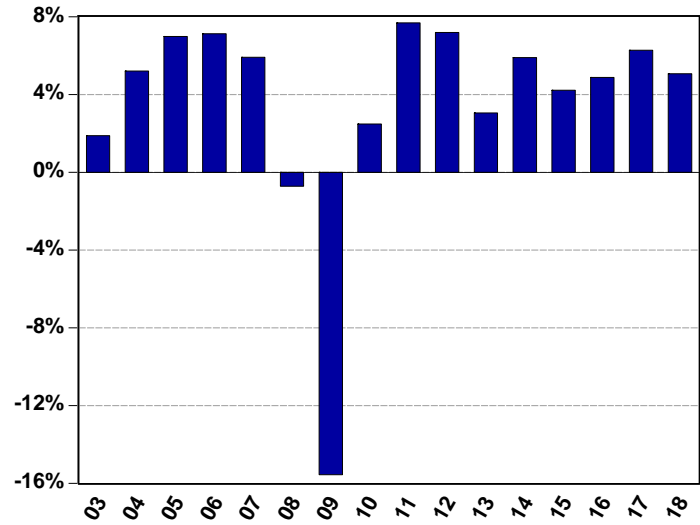
2017 and 5.3% in 2018. Consumer prices are expected to have grown 1.7% in 2014 and are forecast to grow 1.0% in 2015, 1.6% in 2016, and 2.2% in both 2017 and 2018. The energy price swings have a more direct impact on producer prices, as many production inputs are tied to transportation costs. Producer prices grew by an estimated 1.9% in 2014 and are expected to decrease by 0.1% in 2015 as producer energy prices contract by 6.1% that year. Producer prices are then expected to grow by 1.0% in 2016, 2.3% in 2017, and 2.5% in 2018. One of the biggest expenses for nearly any business is the cost of employees. These costs, which include wages, salaries, and benefits rose an estimated 2.2% in 2014 and are forecast to grow 2.8% in 2015, 2.9% in 2016, 3.1% in 2017, and 3.3% in 2018.

Business Investment: Business investment in the US, also referred to as nonresidential fixed investment, had solid growth in the third quarter of 2014, although only a few categories expanded. Business investment grew at a 5.5% pace in the third quarter of 2014, which is nearly half the pace as the previous quarter. Nearly all of the substantial growth came from the aircraft category, which increased at a rate of 285.7% in the third quarter. This also occurred near the end of 2013, and IHS Economics assumes that this will not last into the fourth quarter of 2014. The growth in the aircraft investment category was partially offset by declines in other business equipment investments, such as

communications equipment and information processing equipment, which declined at a rate of 41.7% and 11.6%, respectively. Intellectual property product investments, which typically include patented, copyrighted, and/or trademarked products, were a bright spot, growing at a clip of 4.2%, followed by nonresidential structure investments, which grew at an annualized rate of 3.8%. While investments in intellectual property and structures are expected to continue to grow at a stable pace, equipment investments are likely to have more volatility. The fluctuation in oil prices means uncertainty in one of the economy's best-performing sectors. It is possible that investments in drilling equipment and structures may slow or even decline if the current trend continues.

Equipment investments are currently forecast to grow at a rate between 4.6% and 6.5% through the forecast period. Total nonresidential fixed investment is forecast to have grown by 5.9% in 2014 and is anticipated to grow by 4.2% in 2015, 4.9% in 2016, 6.3% in 2017, and 5.1% in 2018.

Real US Business Investment Growth

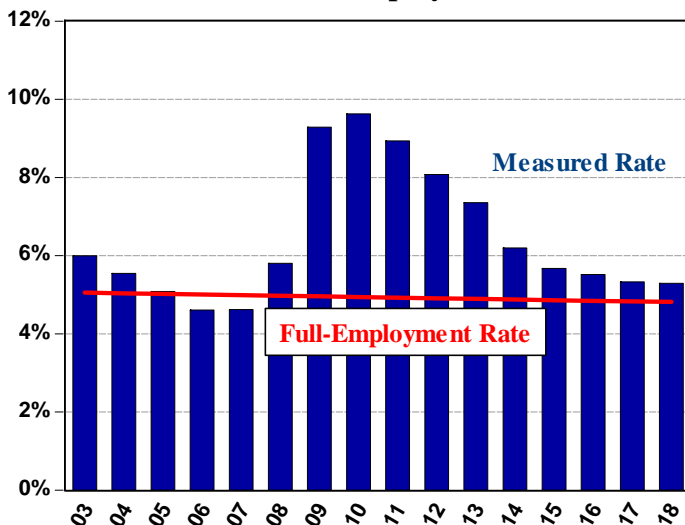


Source: IHS Economics

Employment: After slow labor market growth during the economic recovery following the recession of 2007 to 2009, employment growth seems to be back on track. Total nonfarm payrolls in the US grew at an annual rate of 2.0% in the third quarter of 2014. Private nonfarm payrolls grew at a pace of 2.4%, while government payrolls grew at a more modest rate of 0.3%. Private payrolls can be further subdivided into manufacturing and service employment sectors. Within the manufacturing sector, durable manufacturing accounts for roughly 60% of all manufacturing jobs and grew at an annualized pace of 2.6% in the third quarter. Durable manufacturing includes manufacturers of long-lasting goods, such as transportation equipment, computers, and fabricated metal products. Nondurable manufacturing employment contracted at a rate of 0.6% in the third quarter as several sectors, such as food processing,

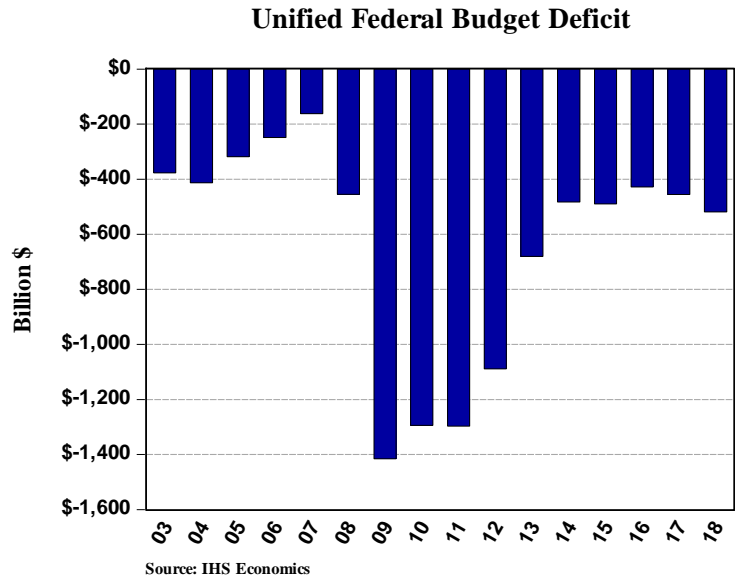
paper product manufacturing, and apparel manufacturing, shed jobs. Nearly every service sector added jobs in the third quarter of 2014, with one exception. Publishing, which has declined in nearly every quarter since the year 2000, contracted at a clip of 1.0% in the third quarter. Some of the fastest growing service categories were professional and business services, information, and education and health services (which all grew at a rate of at least 2.4%). The payroll growth that has occurred in these sectors is expected to help 2014 total nonfarm payrolls grow by 1.8%, which is the fastest pace since 2006. In 2015 payroll growth is expected to accelerate to a pace of 1.9% before easing back to 1.5% in 2016, 1.3% in 2017, and 0.9% in 2018.

US Civilian Unemployment Rate

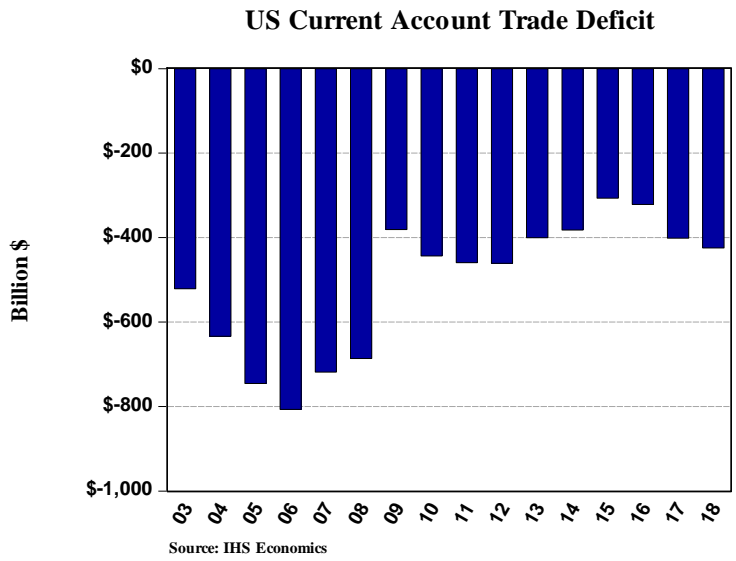


Source: IHS Economics

Government: Due to a spike in defense spending towards the end of the fiscal year, government spending grew at its fastest pace in more than five years. Federal government spending grew at a rate of 9.9% in the third quarter of 2014, which was largely due to an unexpected surge in defense spending. The \$27-billion spike in spending on defense programs is assumed to have been an anomaly and is not expected to extend into subsequent quarters. Defense spending grew at an annualized rate of 16.7% in the third quarter, versus 1.2% for nondefense. Federal government spending alone accounted for 0.7 percentage points of the 3.5% GDP growth rate for the third quarter of 2014. IHS Economics assumes that this 0.7-percentage point contribution in the third quarter will not continue into the fourth quarter and should actually reverse itself by a similar amount in the fourth quarter with a negative contribution. A possible alternative to this forecast could occur if the members of Congress and the Senate choose to refocus efforts on confronting the Islamic State militants in Iraq and Syria, which could keep defense spending at elevated levels. On its current trajectory, federal government outlays are expected to grow from \$3,454.2 billion in FY 2013 to \$3,504.2 billion in FY 2014, while federal government receipts have grown from \$2,774.0 billion in FY 2013 to \$3,020.8 billion in FY 2014. With growth in receipts outpacing growth in spending, the Unified Federal Budget Deficit is expected to drop from -\$680.2 billion in FY 2013 to -\$483.4 billion in FY 2014. The deficit is forecast to be -\$490.4 billion in FY 2015, -\$428.2 billion in FY 2016, -\$455.6 billion in FY 2017, and -\$519.2 billion in FY 2018.



International: The trade sector’s role in the US economy is expected to reverse over the forecast period. After contributing to overall GDP growth in both 2012 and 2013, real net exports (inflation-adjusted exports less inflation-adjusted imports) showed signs of being a drag on the economy in 2014.



Expanding sales abroad caused the real net export deficit to fall from nearly -\$460 billion in 2011 to about -\$420 billion in 2013. Over this period, the real exports added four basis points to overall real output growth in 2012 and another 22 basis points in 2013. Further improvements to real exports are not expected, however. The real exports deficit grew again in the first two quarters of 2014. It is estimated to have decreased in the third quarter but increased again in the fourth quarter. As a result, real exports are anticipated to be back to about -\$460 billion in 2014. These softer real exports are expected to

have stripped 14 basis points from real GDP growth in that year. The international sector's reversal of fortune reflects weakening economies abroad and a rising dollar. These factors are expected to remain in place and suppress short-term exports. Japan is anticipated to experience the weakest economic growth over the next few years, with its real output advancing just 1.1% in 2015 and averaging 1.2% per year from 2016 through 2019. Expectations for the Eurozone are not much better. Its real GDP is projected to rise 1.4% this year and increase an average of 1.6% per year in the latter years of the forecast. China is expected to enjoy the strongest growth over the next few years. However, its forecasted growth annual pace of around 7.0% is low by recent standards. Closer to home, Canada's projected economic growth of around 2.6% per year is close to that of the US. Mexico is expected to grow faster, 3.3% in 2015 and nearly 4.0% annually thereafter. After stumbling this year, South America's economic growth should recover to a 3.4% average pace per year from 2016 through 2019. American real net exports will also be limited by a rising dollar that makes US goods and services relatively more expensive in the global market. The greenback appreciation has already started. By the middle of November 2014, a broad-based measure showed the dollar had increased nearly 6.0% since the second quarter of 2014. The dollar's inflation-adjusted exchange rate with those of the country's major trade partners is expected to rise 3.8% in 2014, followed by another 6.9% in 2015. The dollar is forecasted to depreciate slowly after that year. However, in 2018 the dollar exchange rate should still be much higher than it was in 2014.

IDAHO FORECAST DESCRIPTION

The Forecast Period is the Third Quarter of 2014 through the Fourth Quarter of 2018

After a prolonged recession that extended beyond initial expectations and a subpar recovery, Idaho seems to have finally returned to a more sustainable growth pattern. While employment and incomes have surpassed their prerecession levels, other indicators, such as housing, are still below their prerecession levels. This is not necessarily a cause for concern, as the housing market was not sustainable in the years immediately preceding the recession, and would likely be unsustainable if the same level of activity were occurring today. With the Gem State currently on a fairly stable trajectory, the next few years are likely to be growth years that will allow the state to begin to make up for lost time.

While employment in Idaho has been growing steadily since the last quarter of 2010, seasonally adjusted nonfarm payrolls struggled to reach the prerecession level of 656,000. As economic conditions improved in 2014, nonfarm payrolls finally exceeded that threshold sometime during the third quarter and are anticipated to have continued to grow into the fourth quarter. Employment in the state is also expected to remain fairly stable, growing at an estimated 2.6% in 2014, and is forecast to increase 2.0% in 2015, 2.2% in both 2016 and 2017, and 2.1% in 2018.

As employment has rebounded, so has Idaho personal income. The state's personal income has been edging up since 2010, growing at an average annual rate of 5.0% since that year, and exceeding the prerecession level by 2012. When adjusted for inflation that average growth rate drops to 3.2%. Over the last year income has been growing at an accelerated rate, largely due to record-level farm income. Soaring farm incomes are not expected to persist past 2014 and are even expected to decline in 2015, which is likely to have an impact on aggregate state income. Personal income is anticipated to have grown by 5.1% in 2014. It is expected to slow to 3.6% in 2015 as farm proprietors' income recedes from record levels. Personal income is then forecast to grow by 4.8% in 2016, 5.5% in 2017, and 5.1% in 2018. Adjusted for inflation, personal income growth is forecast to be 3.6% in 2014, 2.4% in 2015, 3.3% in 2016, 3.6% in 2017, and 3.1% in 2018.

While still growing, Idaho's housing market has not recovered as fast as was previously predicted. Idaho single-family housing starts declined from 2006 through 2011, before beginning to grow again in 2012. Single-family housing starts grew in 2012 and posted gains again in 2013, but declined in 2014. This decline was likely the result of a larger number of existing homes reentering the market. One of the reasons that the inventory of existing homes was so low over the past few years is that many home owners that may have wanted to sell their homes were waiting for home values to rise. With the rapid rise in home values over the last few years, many of these home owners have been enticed to relist existing homes, adding to the inventory of houses for sale. The decline in housing starts in 2014 is likely a temporary correction, rather than the beginning of a new set of declines, and is expected to expand again in 2015 and continue to grow in each additional year of the forecast period. Specifically, single-family housing starts are expected to have declined 6.3% in 2014. Single-family housing starts are expected to expand by 9.6% in 2015, 16.0% in 2016, 13.8% in 2017, and 6.7% in 2018. These growth rates may seem high, relative to growth rates in other economic variables, but are actually consistent with a housing market that is growing at a stable pace and should remain well below the pace that led to unsustainable levels during the recent housing boom.

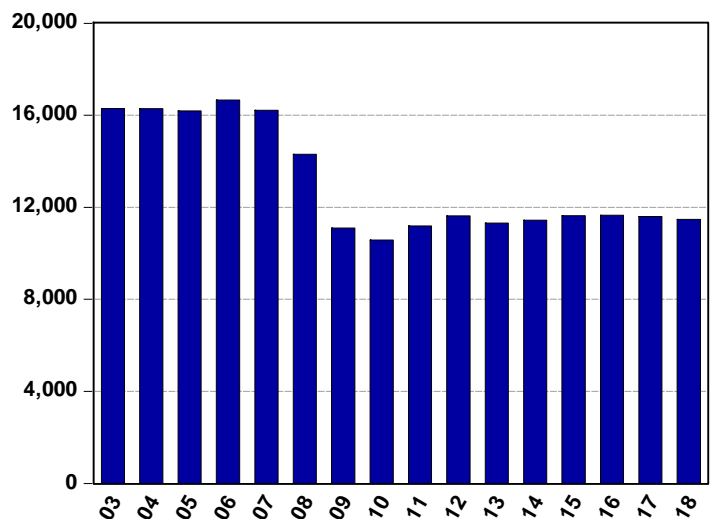
SELECTED IDAHO ECONOMIC INDICATORS

Computer and Electronics

Manufacturing: Waves of layoffs during the first decade of the new millennium left Idaho's computer and electronics manufacturing sector with roughly half as many jobs as it had during its heyday. But an expected shift in the industry's focus is expected to provide more stabilization in the industry over the next few years. From 1991 to 2001, this sector's payroll nearly doubled from 10,700 to 19,700 jobs. The sector became the state's largest source of manufacturing jobs when it overtook the food processing sector in 1997. In 2001, a recession that began in the global high-tech sector took that year's job growth down to 1.0%. The number of jobs shrank by about 9.0% in both 2002 and 2003. Employment leveled off for a couple of years, and

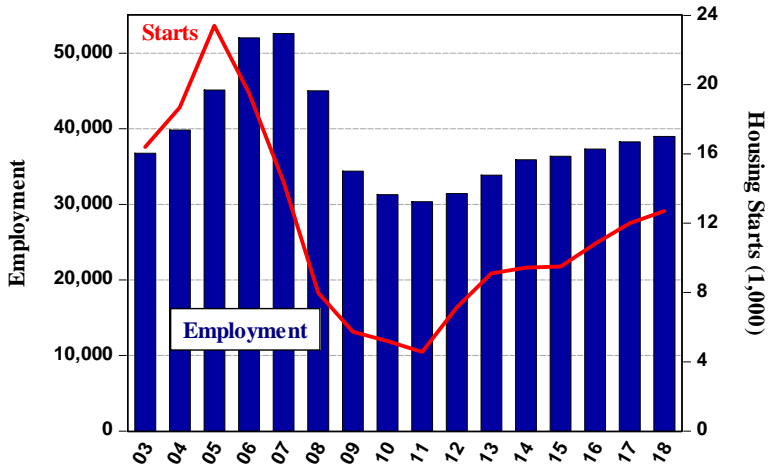
employment even grew 3.0% in 2006. Nearly all of the growth from 2006 was undone in 2007, when industry payrolls shrank by 2.7%. Employment fell an additional 11.8% in 2008, driving payrolls down far enough to return the title of the state's largest manufacturing employer back to the food processing sector. Employment decreased by another 22.4% in 2009 and 4.7% in 2010. After suffering these losses, Idaho computer and electronics manufacturing employment settled at roughly 10,600 jobs, which was nearly the same employment level as in 1991. Employment climbed above 11,000 jobs again in 2011, growing by 5.8%. It increased by another 3.9% in 2012 before shrinking by 2.7% in 2013. Through much of the contraction a number of Idaho's computer and electronics manufacturers were undergoing a shift from manufacturing to more of a research and development focus, which is traditionally less sensitive to market fluctuations. This shift has largely helped to stabilize the sector's employment levels. Payrolls contracted again in 2013, partially to do with Hewlett-Packard (HP), which announced a set of layoffs in 2013 that eliminated some jobs at their Boise campus. Ultimately, these layoffs appear to have been an anomaly and are not expected to repeat in the near-term future. In fact, more recently, HP announced a pending split in the company that would create two companies. One company, called HP Inc., will continue to produce and sell computers and printers, while the other company, called Hewlett-Packard Enterprise, would manage enterprise hardware products, service, and software. HP's Chief Executive Officer, Meg Whitman, publically announced that this split could add jobs to the company's campus in Boise rather than decrease payrolls. Expected payroll gains at HP and other Idaho manufacturers is anticipated to lead to employment growth of 1.1% in the sector in 2014, followed by 1.7% in 2015, and 0.2% in 2016. This sector's employment is forecast to shrink by 0.5% in 2017 and 1.1% in 2018.

Idaho Computer and Electronic Products Employment



Construction: Housing declines played a major role in the nation-wide recession that lasted from 2007 to 2009, and Idaho was not exempt from the impacts of the declines. When housing starts were rapidly expanding in Idaho during the early 2000s, construction employment also grew at a rapid pace. Idaho housing starts grew from 11,500 starts in 2000 to a peak of more than 23,400 starts in 2005. During that same period construction employment grew at a 4.3% annual pace, which was almost twice as fast as the overall employment growth rate of 2.3%. This rate of growth in housing starts was ultimately

Idaho Construction Employment and Housing Starts

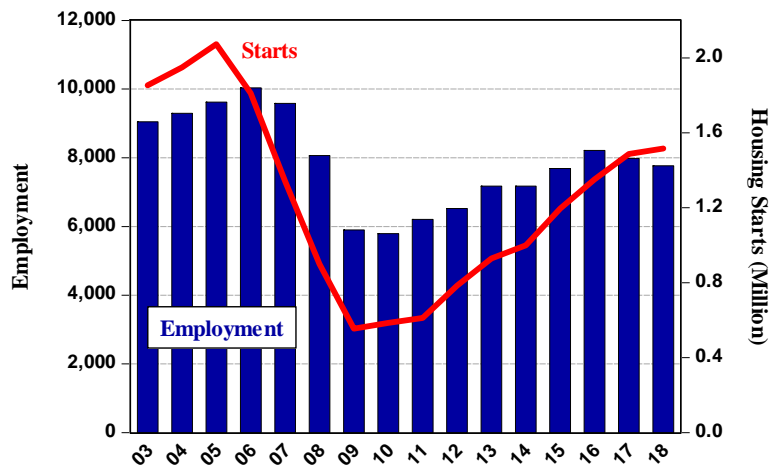


unsustainable, which became apparent in 2006, when housing starts declined by 16.5%. Construction employment growth persisted into 2007, but ultimately did not escape the pull of the retreating housing market. Idaho housing starts fell by 26.6% in 2007, followed by 44.4% in 2008. In that year construction employment saw its first contraction in five years, declining by 14.4%. The worst year of the housing bust was 2009. In that year construction employment dropped another 23.6% and housing starts contracted by nearly 30.0%. Decreases in housing starts and construction employment continued through 2011 before the effects of the recession began to wear off. Idaho

housing starts had decreased from 23,400 units in 2005 to 4,560 units in 2011. Construction employment dropped from 52,600 jobs in 2007 to 30,350 jobs in 2011. As the housing market has recovered in Idaho, construction employment in the Gem State has also been slowly returning. By 2012 there was renewed activity in the market as housing starts rose by 56.4% to a level of 7,137 units. Employment also grew that year, but by a more modest rate of 3.5%. The recovery continued to solidify in 2013 with an additional 27.4% increase in housing starts to 9,100 units and a 7.8% gain in construction employment. Employment in Idaho’s construction sector is expected to grow by 6.0% in 2014, 1.3% in 2015, 2.7% in 2016, 2.5% in 2017, and 1.9% in 2018. Total employment in the sector is anticipated to be at a level of 39,000 jobs in 2018. Housing starts are also expected to continue to grow over the forecast period, reaching 12,700 units in 2018.

Logging and Wood Products: As US construction has begun to accelerate in the last couple of years, so has the demand for lumber products. The state has benefited from this acceleration as it sells a large portion of the lumber harvested in Idaho to other states. The logging and wood products sector payroll exceeded 10,000 in 2006, immediately preceding the Great Recession that began in 2007. This downturn led to a decrease in residential and commercial construction that drove down the demand for lumber. As a result, employment in the sector decreased by 4.5% in 2007, 15.9% in 2008, 26.9% in 2009, and 1.8% in 2010. Idaho logging and wood products sector employment settled just under 6,000 that year. By 2011 the national economy had experienced enough recovery to warrant payroll growth in the sector. The recovery in the US housing market began to accelerate in 2012, which helped to further drive demand for lumber and contributed to employment growth of 5.2% that year and 9.9% in 2013. Clearly, housing demand

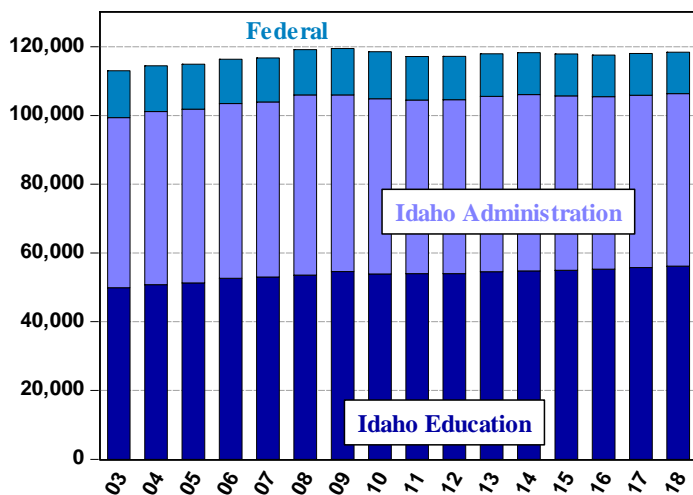
Idaho Wood Product Employment and US Housing Starts



contributes significantly to this sector's health. However, demand is only half of the equation. Another factor is the supply and accessibility of lumber. In fact, timber supply from public lands is a major challenge facing Idaho's logging and wood products sector. Although demand and ability to process lumber is in place, the restricted supply of logs may become the limiting factor for potential growth in this sector. There are three main sources from which timber is harvested in Idaho: state, federal, and private land. Timber harvested from private and state lands has been fairly steady over the past several decades, with around 800 million board feet to one billion board feet harvested per year (Scribner log scale). The harvest from federal lands has dwindled significantly over the same time period. Nearly half of all logs harvested in Idaho came from federal lands as recently as the mid-1970s, but that portion has been reduced to roughly 10% as of 2013. The timber harvest from all sources grew around 4% in 2013 to 1.1 billion board feet, which is still far from the high of nearly 2 billion board feet in the mid-1970s. This is also an improvement from the recent low during the last recession, during which time total timber harvest in the state fell to just over 700 million board feet. Payroll growth in the sector is forecast to have been flat in 2014, when the industry balanced some supply issues and underwent a small correction after two years of strong growth. Logging and wood product payrolls are expected to grow by 7.2% in 2015 and 6.8% in 2016, before decreasing by 2.8% in 2017 and 2.7% in 2018.

Government: Federal, state, and local government employment combined account for roughly 18% of all nonfarm jobs in Idaho, making this sector one of the state's top employment categories. Government employment fluctuations often occur as a result of population variations and budget changes. During the recession that lasted from 2007 to 2009, tax revenues dropped for the national, state, and local governments. In 2007 the Unified Federal Budget receipts were nearly \$2.6 trillion, but the pains of the recession decreased receipts to a level of \$2.1 trillion by 2009. Similarly, Idaho's General Fund revenue decreased from just over \$2.9 billion in 2008 to less than \$2.3 billion by 2010. The poor economy also had a negative impact on net migration, which is another important driver of government employment growth, as a net increase in the population requires additional government employees to service the needs of the population. Net migration was more than 25,000 persons in 2006 but had dwindled to just over 300 persons by 2011. The result of decreasing revenues and migration was a slowdown, followed by a decrease, in government employment. Noneducation-related state and local government employment was the first to tighten the belt, decreasing payrolls by 1.9% in 2009. Education-related state and local government payrolls followed in 2010, when employment in that sector fell by 1.3%. Federal government payrolls in Idaho began to fall in 2011, with a contraction of 7.6% that year,

Idaho Government Employment



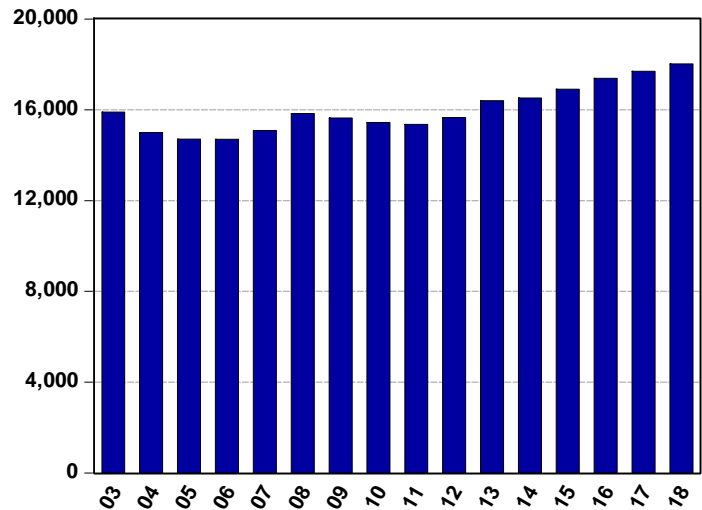
partially to do with an expected decline following the 2010 decennial census. Idaho net migration picked up pace again in 2012, and it is expected to grow to more than 12,000 in 2014. Idaho's General Fund revenues eclipsed \$2.75 billion in 2013 and year-over-year revenue growth is anticipated over the next few years. The recovery in net migration and revenues has led the revival in state and local government employment, which has grown past its prerecession level. However, it is forecast to grow little moving forward, remaining right around 106,000 through 2018. Federal tax receipts have also recovered, coming in just under \$2.8 trillion in 2013. In contrast, federal government employment in Idaho remains below its

prerecession peak and is expected to continue to fall over the foreseeable future. In fact, federal government payrolls in Idaho are expected to shrink by 1.6% in 2014, 0.3% in 2015, 0.2% in 2016, 0.3% in 2017, and 0.4% in 2018.

Food Processing: The food processing sector has been Idaho’s largest manufacturing employment sector since 2008. The sector has been very active over the past few years as a string of layoffs, closures, openings, and expansions have kept the industry moving. Many of the layoffs and closures that have occurred in Idaho’s food processing companies in recent years have been a result of consolidations. The J. R. Simplot Company has been in the process of consolidating the operations of three antiquated potato processing plants into one new, state-of-the-art plant that is to be built in Caldwell. The three existing plants that will be closed are in Aberdeen, Nampa, and Caldwell, and will result in a net job loss of roughly 800 once the three

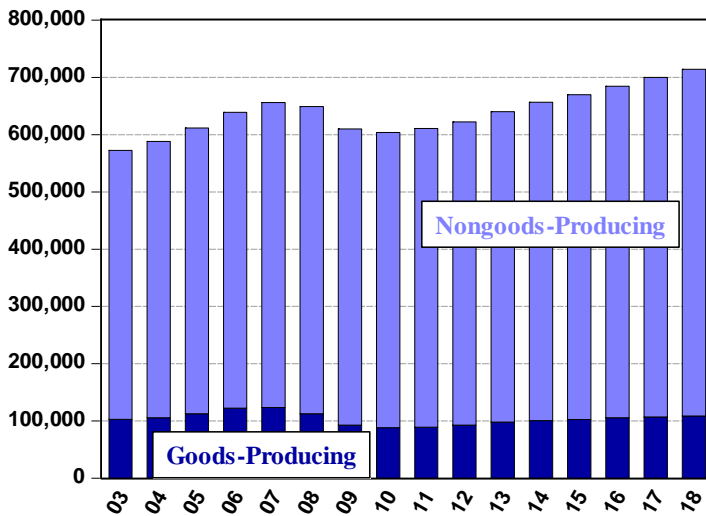
older plants are closed and the new plant is in full production mode. Another food processing plant closure occurred in the third quarter of 2014 in Pocatello as Heinz Corporation consolidated operations from that plant elsewhere in the US. This closure resulted in layoffs of roughly 400 workers. The layoffs at Heinz are expected to be partially offset by anticipated hiring by Amy’s Kitchen, Inc., a California-based food and baked goods producer that is relocating a part of their production to the Gem State. In fact, Amy’s Kitchen, Inc. purchased and plans to utilize the same facility that Heinz previously occupied. Amy’s Kitchen, Inc. plans to hire upwards of 250 individuals initially, with a potential for more jobs in the future. Other companies that have planned to relocate production to Idaho are GoGo squeeZ and Clif Bar. Idaho has become a top choice for food processors to relocate in recent years, partially because of its proximity to agricultural inputs, such as milk. According to Idaho’s Department of Agriculture, in 2012 Idaho’s 580,000 dairy cows produced 13.6 billion pounds of milk, or about 7% of total US milk production—the third highest in the nation. Idaho remained the nation’s top potato supplier that same year, marketing about 143.2 million hundredweight of potatoes, or about 31% of the potatoes produced in all of the US. Also in 2012, Idaho produced 24% of the nation’s barley, 18% of the sugar beets, and 20% of the fresh plums. Although layoffs and closures are expected to put some pressure on employment growth in the sector, the new jobs that are anticipated to be created as new companies come to Idaho and as existing companies expand should offset losses in most years of the forecast period. Payrolls are anticipated to grow by 2.4% in 2015, 2.8% in 2016, and 1.8% in both 2017 and 2018.

Idaho Food Processing Employment



Nongoods Producing: The nongoods-producing sector is a growing piece of the state’s economy and will likely be a defining piece of Idaho’s future. Employment in the nongoods-producing sectors accounts for nearly 85% of all nonfarm employment in Idaho in 2014, up from roughly 80.0% in 2001. Payrolls in these sectors are expected to have grown by 2.6% in 2014, which is the fastest pace since 2007. The nongoods-producing sector consists of two categories: services and trade. The services category is made up of information services; financial activities; transportation, warehousing, and utilities; professional and business services; education and health services; leisure and hospitality

Idaho Nonfarm Employment



services; and other services. Service employment is forecast to grow at an average annual rate of 2.8% over the forecast period, finishing 2018 with just over 365,000 jobs. Almost every sector within the services category is expected to post consistent year-over-year gains after 2014. The information sector is the exception; its employment is forecast to contract by 0.3% in 2015 before it will begin to expand again. The other side of nongoods-producing employment, the trade category, can be divided into its retail and wholesale components. Employment in the retail sector accounts for almost 75% of all trade employment. Retail trade employment growth is expected to be quite stable over the forecast period, with

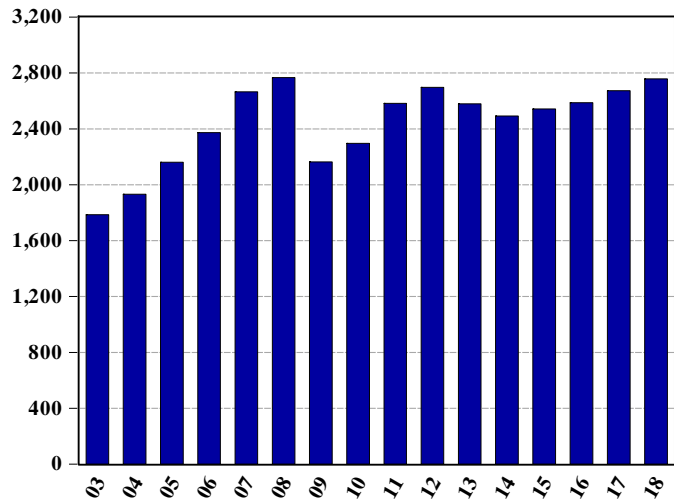
anticipated increases between 2.6% and 2.8% in each year. Wholesale employment will also add to the gains in the trade sector, with anticipated payroll growth of 2.2% in 2015 and continued growth in each remaining year of the forecast. Total private nongoods-producing payroll is expected to have expanded by 2.6% in 2014, and it is forecast to grow by 2.0% in 2015, 2.1% in 2016, 2.3% in 2017, and 2.2% in 2018.

Other Manufacturing Sectors: Roughly 23% of manufacturing employees in Idaho work in sectors that do not neatly fit into any of the defined categories. Many of the companies within these other manufacturing sectors employ a small number of employees and are often overshadowed by the larger companies in the state. According to the Small Business Administration over 92% of the state’s manufacturing companies employed fewer than 20 employees in 2011, so the significance of these other manufacturing sectors should not be understated. Other durable manufacturing is the larger of the two sectors, with roughly twice the payrolls of its nondurable counterpart. Durable goods are items that last three years or longer, like furniture. Employment in other durable manufacturing sectors began to recover from the recession in 2011 and has grown in each year since. Payrolls are anticipated to grow by 0.9% for all of 2014, 2.6% in 2015, 4.8% in 2016, 3.6% in 2017, and 1.6% in 2018. The other nondurable manufacturing sectors bounced back in 2010 and have expanded at a rapid pace over the last few years, increasing nearly 11% in 2013 alone. Nondurable manufactures produce goods that typically have a lifespan of less than three years, such as food products. Growth in this sector is expected to continue over the forecast period, albeit at a more modest rate. Other nondurable manufacturing payrolls are expected to grow by 1.7% in 2014, 1.1% in 2015, 1.8% in both 2016 and 2017, and 1.7% in 2018.

Mining: Employment in Idaho’s mining sector has had some difficulties over the past few years, mainly as a result of dropping prices for some of the metals that are extracted in the state. Some of these price concerns began to lift earlier in 2014 as a few mines accelerated production. In this way some mines were able to make up for lower metal prices by increasing production. In the later months of 2014, the price of silver and molybdenum both sank, making it uneconomical to continue operations. Molybdenum oxide dropped from nearly \$15 per pound in mid-2014 to less than \$10 per pound by the end of the year. Similarly, silver declined from a price of just over \$20 per ounce to roughly \$16 per ounce over the last few months. These price declines are likely to have a negative impact on mining

employment in the state. One factor that is likely to help offset losses in metal mining employment is employment in gravel and rock pits in the Gem State, which is also aggregated into mining employment. As commercial and residential construction continues to advance in Idaho, payrolls in gravel and rock pits are expected to grow. While the drop in metal prices is expected to have contributed to a decrease in Idaho's mining payrolls of 3.3% in 2014, underlying strength in other mined materials is forecast to raise mining employment by 2.0% in 2015, 1.8% in 2016, 3.3% in 2017, and 3.1% in 2018.

Idaho Mining Employment



ALTERNATIVE FORECASTS

IHS Economics has assigned a 70% probability of occurrence to its November 2014 baseline macroeconomic scenario, which is the same as the October 2014 baseline forecast. The probabilities of the two alternative scenarios occurring are each 15%.

The major features of the *Baseline Scenario* include:

- Real GDP expands 2.2% in 2014, 2.6% in 2015, 2.8% in 2016, 3.0% in 2017, and 2.6% in 2018.
- US nonfarm employment increases about 1.8% in 2014, 1.9% in 2015, 1.5% in 2016, 1.3% in 2017, and 0.9% in 2018.
- The US civilian unemployment rate falls from 6.2% in 2014 to 5.3% in 2018.
- Consumer inflation remains below 2.0% through 2016 before growing at a 2.2% rate in both 2017 and 2018.
- The unified federal budget deficit grows from about \$483 billion in 2014 to \$519 billion in 2018.
- The current account deficit rises from \$382 billion in 2014 to \$425 billion in 2018.
- Housing starts grow from just under 1.0 million units in 2014 to just over 1.5 million units in 2018.

PESSIMISTIC SCENARIO

The *Pessimistic Scenario* assumes that the aging US population, anemic employment growth, and stagnant wages lead some families to consolidate households, putting pressure on both housing formations and new construction. Formations fall through 2015 and then begin to rise at a modest pace in 2016. The lack of activity in the housing market has far reaching effects in the rest of the economy. National export growth declines as foreign growth opportunities wane. Exports increase by just 1.1% in 2015 (versus 2.9% in the *Baseline Scenario*) and growth remains below the baseline rate over the forecast period. The double squeeze from weak domestic sales and slow exports weakens businesses, initiating a slowdown in payroll growth, and driving the unemployment rate back above 6.2% by the last half of 2015. Fiscal policy is of little help in the *Pessimistic Scenario* as federal government spending contracts further in the fourth quarter of 2015. The government's inability to adequately stimulate the US economy leads to deterioration in confidence and a drop in stock prices. Real US GDP grows by 2.1% in 2014, 1.1% in 2015, 1.4% in 2016, 2.2% in 2017, and 1.8% in 2018.

Idaho's economy takes a turn for the worse as the national economy stagnates. Total nonfarm employment in Idaho grows by 1.9% in this scenario in 2015, which is just below the estimate of 2.0% in the *Baseline Scenario*, but that gap widens through the rest of the forecast period. By 2018 there are nearly 24,500 fewer nonfarm jobs versus the *Baseline Scenario*. The decrease in employment impacts personal income in the state, which grows at a pace of 3.6% in the *Baseline Scenario* in 2015. Personal income growth only reaches 2.7% in the *Pessimistic Scenario* in that year. Adjusted for inflation, personal income only grows by 2.0%, versus 2.4% in the *Baseline Scenario*. Real personal income is roughly \$2.8 billion lower by 2018 than in the *Baseline Scenario*.

OPTIMISTIC SCENARIO

In the *Optimistic Scenario*, declining oil prices reignite the economic recovery. The Organization of Petroleum Exporting Countries' producers cut oil prices to compete with the US to protect their market share. American producers do not decrease production since they do not expect a sustainable decline in

**IDAHO ECONOMIC FORECAST
BASELINE AND ALTERNATIVE FORECASTS
JANUARY 2015**

	BASELINE					OPTIMISTIC					PESSIMISTIC				
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
U.S. GDP (BILLIONS)															
Current \$	17,406	18,190	19,029	19,972	20,878	17,421	18,359	19,414	20,476	21,457	17,386	17,822	18,405	19,262	20,132
% Ch	3.8%	4.5%	4.6%	5.0%	4.5%	3.9%	5.4%	5.7%	5.5%	4.8%	3.7%	2.5%	3.3%	4.7%	4.5%
2009 Chain-Weighted	16,055	16,467	16,924	17,435	17,884	16,069	16,632	17,272	17,916	18,457	16,044	16,227	16,454	16,813	17,107
% Ch	2.2%	2.6%	2.8%	3.0%	2.6%	2.3%	3.5%	3.9%	3.7%	3.0%	2.1%	1.1%	1.4%	2.2%	1.8%
PERSONAL INCOME - CURR \$															
Idaho (Millions)	61,222	63,403	66,440	70,073	73,631	61,229	63,900	67,868	72,341	76,600	61,185	62,853	65,157	68,005	71,319
% Ch	5.1%	3.6%	4.8%	5.5%	5.1%	5.1%	4.4%	6.2%	6.6%	5.9%	5.0%	2.7%	3.7%	4.4%	4.9%
U.S. (Billions)	14,766	15,404	16,170	17,079	17,943	14,769	15,555	16,560	17,607	18,496	14,750	15,155	15,646	16,379	17,237
% Ch	4.2%	4.3%	5.0%	5.6%	5.1%	4.2%	5.3%	6.5%	6.3%	5.1%	4.1%	2.7%	3.2%	4.7%	5.2%
PERSONAL INCOME - 2009 \$															
Idaho (Millions)	56,267	57,645	59,561	61,712	63,642	56,263	58,337	61,366	64,572	67,335	56,260	57,406	58,508	59,582	60,863
% Ch	3.6%	2.4%	3.3%	3.6%	3.1%	3.6%	3.7%	5.2%	5.2%	4.3%	3.6%	2.0%	1.9%	1.8%	2.2%
U.S. (Billions)	13,570	14,005	14,496	15,041	15,509	13,571	14,201	14,974	15,716	16,259	13,563	13,842	14,049	14,350	14,710
% Ch	2.8%	3.2%	3.5%	3.8%	3.1%	2.8%	4.6%	5.4%	5.0%	3.5%	2.8%	2.1%	1.5%	2.1%	2.5%
TOTAL NONFARM EMPLOYMENT															
Idaho	656,373	669,731	684,701	699,987	714,390	656,377	671,756	693,297	717,844	742,117	656,367	668,701	678,411	684,707	689,952
% Ch	2.6%	2.0%	2.2%	2.2%	2.1%	2.6%	2.3%	3.2%	3.5%	3.4%	2.6%	1.9%	1.5%	0.9%	0.8%
U.S. (Thousands)	138,838	141,411	143,464	145,299	146,562	138,827	141,822	144,881	147,722	149,568	138,812	140,152	140,711	141,498	142,039
% Ch	1.8%	1.9%	1.5%	1.3%	0.9%	1.8%	2.2%	2.2%	2.0%	1.2%	1.8%	1.0%	0.4%	0.6%	0.4%
GOODS-PRODUCING SECTOR															
Idaho	100,139	102,279	105,144	106,900	108,228	100,130	101,937	103,278	105,316	108,406	100,152	102,210	104,548	105,480	105,040
% Ch	2.5%	2.1%	2.8%	1.7%	1.2%	2.5%	1.8%	1.3%	2.0%	2.9%	2.5%	2.1%	2.3%	0.9%	-0.4%
U.S. (Thousands)	19,073	19,509	19,991	20,523	20,886	19,067	19,437	19,966	20,690	21,201	19,075	19,413	19,537	19,872	20,134
% Ch	2.0%	2.3%	2.5%	2.7%	1.8%	2.0%	1.9%	2.7%	3.6%	2.5%	2.0%	1.8%	0.6%	1.7%	1.3%
NONGOODS-PRODUCING SECTOR															
Idaho	556,235	567,451	579,557	593,087	606,162	556,246	569,819	590,020	612,527	633,711	556,215	566,491	573,863	579,227	584,912
% Ch	2.6%	2.0%	2.1%	2.3%	2.2%	2.6%	2.4%	3.5%	3.8%	3.5%	2.6%	1.8%	1.3%	0.9%	1.0%
U.S. (Thousands)	119,765	121,901	123,473	124,776	125,676	119,760	122,386	124,915	127,033	128,367	119,737	120,739	121,174	121,627	121,906
% Ch	1.8%	1.8%	1.3%	1.1%	0.7%	1.8%	2.2%	2.1%	1.7%	1.1%	1.8%	0.8%	0.4%	0.4%	0.2%
SELECTED INTEREST RATES															
Federal Funds	0.1%	0.4%	1.6%	3.3%	3.8%	0.1%	1.3%	3.6%	3.8%	3.8%	0.1%	0.2%	0.1%	0.4%	2.3%
Bank Prime	3.3%	3.5%	4.6%	6.3%	6.8%	3.3%	4.9%	6.6%	6.7%	6.7%	3.2%	3.2%	3.1%	3.4%	5.3%
Existing Home Mortgage	4.3%	5.2%	5.8%	6.4%	6.6%	4.4%	6.4%	6.8%	6.6%	6.2%	4.3%	5.0%	5.8%	6.7%	7.5%
INFLATION															
GDP Price Deflator	1.6%	1.9%	1.8%	1.9%	1.9%	1.6%	1.8%	1.8%	1.7%	1.7%	1.5%	1.3%	1.8%	2.4%	2.7%
Personal Cons Deflator	1.4%	1.1%	1.4%	1.8%	1.9%	1.4%	0.7%	1.0%	1.3%	1.5%	1.3%	0.7%	1.7%	2.5%	2.7%
Consumer Price Index	1.7%	1.0%	1.6%	2.2%	2.2%	1.7%	0.3%	1.2%	1.7%	1.9%	1.6%	0.5%	1.9%	2.9%	3.0%

Forecast Begins the THIRD Quarter of 2014

the oil price. Benchmark oil prices decline as low as \$55 per barrel, and Brent oil prices fall to \$64.5 by the end of 2015, driving down the price of gasoline and increasing consumer's excess disposable income. Meanwhile, the European Central Bank (ECB) expands its monetary base, successfully steering the Eurozone away from its current economic malaise. Emerging-market GDP growth accelerates as these markets implement structural reforms to increase labor productivity, which strengthens their currency against the US dollar. Businesses in the US find room to increase production capacity, which allows for greater exports. Greatly increased production brings significant wage and payroll gains. As employment and wage growth both pick up, they lift the pace of consumption growth. The effects of the depreciation in the dollar fade out by 2017, adding pressure for a resumption of import growth. Real GDP grows by 2.3% in 2014, 3.5% in 2015, 3.9% in 2016, 3.7% in 2017, and 3.0% in 2018.

In the *Optimistic Scenario*, Idaho's economic recovery accelerates as employment and income both advance at a faster pace than is expected in the *Baseline Scenario*. Total nonfarm employment in the state grows at a noticeably faster pace as early as 2015 in this scenario (2.3% versus 2.0% in the *Baseline Scenario*), which continues throughout the forecast period and adds nearly 28,000 more jobs by 2018 than in the *Baseline Scenario*. Interestingly, nearly all of the additional job growth in this scenario occurs in the nongoods-producing sector. The goods-producing sector actually has less jobs in most years of the forecast in the *Optimistic Scenario* than in the *Baseline Scenario*. This likely occurs as a result of the stronger dollar's negative impact on some US exports, which is expected to reach as far as Idaho producers. Robust growth in nongoods-producing employment is expected to more than make up for the lower goods-producing employment in each year of the forecast. The overall growth in Idaho nonfarm employment helps to lift personal income in the *Optimistic Scenario*. Income is virtually the same in 2014 and 2015, but widens over the forecast period, eventually reaching \$76.6 billion in 2018 versus \$73.6 billion in the *Baseline Scenario*. Real personal income also expands more rapidly in this scenario, growing at an average annual rate of 4.6%, versus 3.1% in the *Baseline Scenario*.

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.

The three largest revenue categories (individual income tax, corporate income tax, and sales tax) typically account for more than 90% of Idaho's General Fund revenue. These three revenue sources are forecast using a combination of econometric methods and judgment. The econometric method employed is multiple regression, using variables contained in the Idaho Economic Model (IEM). Exogenous forecast data are obtained from the January 2015 *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 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
INDIVIDUAL INCOME TAX	\$776.19	\$841.87	\$960.16	\$1,023.97	\$835.85	\$837.80	\$902.13	\$1,035.54	\$1,216.49	\$1,400.16
% CHANGE	10.1%	8.5%	14.1%	6.6%	-18.4%	0.2%	7.7%	14.8%	17.5%	15.1%
CORPORATE INCOME TAX	\$117.29	\$95.44	\$124.87	\$141.53	\$76.30	\$93.13	\$103.02	\$139.56	\$194.13	\$190.22
% CHANGE	-4.1%	-18.6%	30.8%	13.3%	-46.1%	22.1%	10.6%	35.5%	39.1%	-2.0%
SALES TAX	\$496.81	\$588.80	\$627.50	\$647.29	\$657.12	\$700.24	\$886.08	\$950.83	\$880.77	\$1,077.46
% CHANGE	4.2%	18.5%	6.6%	3.2%	1.5%	6.6%	26.5%	7.3%	-7.4%	22.3%
CIGARETTE TAX	\$7.48	\$7.23	\$7.30	\$7.98	\$8.00	\$8.26	\$30.04	\$7.81	\$7.98	\$1.00
TOBACCO PRODUCTS	\$0.00	\$0.00	\$0.00	\$4.06	\$4.31	\$4.67	\$5.49	\$5.75	\$6.16	\$6.55
BEER TAX	\$1.62	\$1.68	\$1.75	\$1.82	\$1.88	\$1.91	\$1.96	\$1.95	\$1.99	\$2.13
WINE TAX	\$1.80	\$1.90	\$1.96	\$1.90	\$1.88	\$1.97	\$2.14	\$2.33	\$2.43	\$2.48
LIQUOR SURCHARGE	<u>\$4.95</u>	<u>\$4.95</u>	<u>\$4.95</u>	<u>\$4.95</u>	<u>\$4.95</u>	<u>\$4.95</u>	<u>\$4.95</u>	<u>\$4.95</u>	<u>\$4.95</u>	<u>\$10.24</u>
PRODUCT TAXES	\$15.84	\$15.76	\$15.96	\$20.70	\$21.02	\$21.75	\$44.57	\$22.79	\$23.50	\$22.41
% CHANGE	0.7%	-0.5%	1.2%	29.7%	1.5%	3.5%	104.9%	-48.9%	3.1%	-4.6%
KILOWATT-HOUR TAX	\$3.24	\$2.89	\$2.77	\$1.80	\$1.79	\$1.80	\$1.83	\$1.53	\$2.29	\$2.26
MINE LICENSE TAX	\$0.96	\$1.98	(\$0.66)	\$0.12	\$0.82	\$0.04	\$0.07	\$0.03	\$0.27	\$2.35
INTEREST EARNINGS	\$17.93	\$18.69	\$21.56	\$22.30	\$11.33	\$2.98	\$4.97	\$8.92	\$18.12	\$17.17
COURT FEES AND FINES	\$5.02	\$5.13	\$5.31	\$5.49	\$5.19	\$5.29	\$4.98	\$4.66	\$4.79	\$5.04
INSURANCE PREMIUM TAX	\$42.85	\$45.47	\$46.43	\$55.88	\$55.37	\$59.49	\$62.77	\$60.85	\$60.38	\$59.78
UCC FILINGS	\$0.03	\$0.01	\$0.02	\$2.01	\$2.03	\$2.14	\$2.39	\$2.69	\$3.02	\$3.00
UNCLAIMED PROPERTY	\$1.17	\$1.59	\$2.31	\$5.81	\$0.88	\$3.76	\$3.69	\$9.83	\$1.99	\$3.31
LANDS	\$0.27	\$0.32	\$0.70	\$0.34	\$0.35	\$0.36	\$0.33	\$0.53	\$0.33	\$0.47
ONE-TIME TRANSFERS	\$0.00	\$0.43	\$4.42	\$11.19	\$7.11	\$5.46	\$51.40	\$0.86	\$0.54	\$1.54
ESTATE TAX	\$0.00	\$0.00	\$0.00	\$35.81	\$7.59	\$13.65	\$4.43	\$3.30	\$1.11	\$0.12
OTHER DEPTS & TRANSFERS	<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>	<u>\$24.14</u>	<u>\$21.89</u>	<u>\$25.40</u>
MISC. REVENUE	\$76.01	\$82.57	\$92.46	\$151.15	\$110.14	\$111.02	\$161.31	\$118.98	\$116.43	\$122.25
% CHANGE	5.2%	8.6%	12.0%	63.5%	-27.1%	0.8%	45.3%	-26.2%	-2.1%	5.0%
TOTAL GENERAL FUND*	\$1,482.14	\$1,624.43	\$1,820.96	\$1,984.64	\$1,700.43	\$1,763.95	\$2,097.10	\$2,267.69	\$2,431.31	\$2,812.49
% CHANGE	6.5%	9.6%	12.1%	9.0%	-14.3%	3.7%	18.9%	8.1%	7.2%	15.7%

* Totals may not add due to rounding.

GENERAL FUND REVENUE
(\$ MILLION)

SOURCE	ACTUAL							FORECAST	
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
INDIVIDUAL INCOME TAX	\$1,429.74	\$1,167.89	\$1,061.88	\$1,152.65	\$1,206.41	\$1,284.38	\$1,329.26	\$1,413.23	\$1,488.58
% CHANGE	2.1%	-18.3%	-9.1%	8.5%	4.7%	6.5%	3.5%	6.3%	5.3%
CORPORATE INCOME TAX	\$189.28	\$141.03	\$97.02	\$168.95	\$187.01	\$198.66	\$188.29	\$200.13	\$212.48
% CHANGE	-0.5%	-25.5%	-31.2%	74.1%	10.7%	6.2%	-5.2%	6.3%	6.2%
SALES TAX	\$1,141.44	\$1,022.20	\$955.91	\$972.38	\$1,027.34	\$1,109.83	\$1,145.73	\$1,204.33	\$1,269.99
% CHANGE	5.9%	-10.4%	-6.5%	1.7%	5.7%	8.0%	3.2%	5.1%	5.5%
CIGARETTE TAX	\$6.54	\$7.77	\$16.90	\$14.40	\$11.60	\$13.08	\$3.70	\$3.34	\$6.65
TOBACCO PRODUCTS	\$7.20	\$7.36	\$7.82	\$8.48	\$8.93	\$10.01	\$9.88	\$9.96	\$10.11
BEER TAX	\$2.15	\$2.04	\$2.07	\$1.97	\$1.94	\$1.93	\$1.89	\$1.91	\$1.94
WINE TAX	\$2.58	\$3.28	\$3.00	\$3.21	\$3.45	\$3.91	\$4.13	\$4.27	\$4.41
LIQUOR SURCHARGE	<u>\$8.38</u>	<u>\$9.29</u>	<u>\$11.39</u>	<u>\$14.76</u>	<u>\$17.25</u>	<u>\$20.93</u>	<u>\$24.21</u>	<u>\$25.48</u>	<u>\$25.60</u>
PRODUCT TAXES	\$26.84	\$29.74	\$41.18	\$42.82	\$43.17	\$49.85	\$43.81	\$44.96	\$48.72
% CHANGE	19.8%	10.8%	38.5%	4.0%	0.8%	15.5%	-12.1%	2.6%	8.4%
KILOWATT-HOUR TAX	\$1.60	\$2.02	\$2.14	\$2.43	\$2.98	\$1.92	\$1.84	\$1.80	\$1.90
MINE LICENSE TAX	\$2.52	\$0.94	\$1.80	\$1.54	\$2.02	\$0.53	\$0.52	\$0.50	\$0.60
INTEREST EARNINGS	\$11.37	\$0.76	(\$1.32)	(\$0.43)	(\$0.60)	\$0.36	(\$0.37)	(\$0.34)	\$0.35
COURT FEES AND FINES	\$5.33	\$5.35	\$5.38	\$5.12	\$4.85	\$4.59	\$4.36	\$4.92	\$4.92
INSURANCE PREMIUM TAX	\$56.34	\$55.48	\$53.63	\$54.12	\$56.58	\$55.62	\$59.36	\$56.74	\$62.92
UCC FILINGS	\$2.82	\$2.42	\$2.42	\$2.41	\$2.43	\$2.54	\$2.70	\$2.89	\$3.03
UNCLAIMED PROPERTY	\$5.63	\$1.78	\$8.22	\$4.51	\$8.89	\$7.00	\$5.65	\$6.00	\$6.00
LANDS	\$0.69	\$0.98	\$0.65	\$0.62	\$1.04	\$0.83	\$1.23	\$1.03	\$1.03
ONE-TIME TRANSFERS	\$2.24	\$1.43	\$1.54	\$4.88	\$16.16	\$4.53	\$4.22	\$1.97	\$0.00
ESTATE TAX	\$0.03	\$0.24	(\$0.17)	\$0.52	(\$0.02)	\$0.06	\$0.30	\$0.00	\$0.00
OTHER DEPTS & TRANSFERS	<u>\$30.18</u>	<u>\$31.70</u>	<u>\$32.71</u>	<u>\$30.43</u>	<u>\$27.90</u>	<u>\$29.45</u>	<u>\$28.51</u>	<u>\$26.34</u>	<u>\$27.11</u>
MISC. REVENUE	\$120.67	\$104.71	\$108.47	\$107.68	\$123.78	\$107.56	\$108.33	\$101.84	\$107.87
% CHANGE	-1.3%	-13.2%	3.6%	-0.7%	15.0%	-13.1%	0.7%	-6.0%	5.9%
TOTAL GENERAL FUND*	\$2,907.98	\$2,465.57	\$2,264.46	\$2,444.47	\$2,587.71	\$2,750.28	\$2,815.43	\$2,964.50	\$3,127.64
% CHANGE	3.4%	-15.2%	-8.2%	7.9%	5.9%	6.3%	2.4%	5.3%	5.5%

* Totals may not add due to rounding.

This page left blank intentionally.

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 Years	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+	\$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+	
2012	\$0-1380	\$1381-2760	\$2761-4140	\$4141-5520	\$5521-6900	\$6901-10349	\$10350+		
2013	\$0-1409	\$1410-2818	\$2819-4227	\$4228-5636	\$5637-7045	\$7046-10568	\$10569+		
2014	\$0-1429	\$1430-2858	\$2859-4287	\$4288-5716	\$5717-7145	\$7146-10718	\$10719+		
	1.6%	3.6%	4.1%	5.1%	6.1%	7.1%	7.4%		

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 US 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 Idaho State Tax Commission and deposited with the Idaho State Treasurer is required by statute to be deposited in the State Refund Fund. Any balance exceeding \$1,500,000 in this 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 and veterans' support.

Basis of Projection:

The projections of General Fund revenue from the individual income tax for FY 2015 and FY 2016 are based on a combination of econometric analysis and judgment.

The analysis begins with the IEM, an in-house, econometric base model of Idaho's economy that is used to forecast employment by industry and income by type. Idaho wage and salary payments data and seasonal factors are used to project withholding collections. Filing collections are estimated using a national equity market index and Idaho personal income from dividends, interest, and rent as the explanatory variables. The sum of withholding collections and filing payments is gross individual income tax collections. Net individual income tax collections are derived by subtracting projected refunds from gross collections. General Fund receipts are net collections less miscellaneous distributions.

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 changes 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
FY81	Actual	242,743.6	42,265.5	196,892.1	1,093.2	2,492.8
FY82	Actual	264,162.3	45,074.0	215,835.5	1,082.1	2,170.7
FY83	Actual	272,845.0	56,708.2	212,356.6	1,064.1	2,716.1
FY84	Actual	287,957.0	54,732.2	230,002.0	3,008.0	214.8
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	Actual	1,514,529.5	300,615.5	1,206,406.5	5,793.3	1,714.2
FY13	Actual	1,609,389.8	316,171.1	1,284,383.9	6,452.1	2,382.7
FY14	Actual	1,654,830.0	317,555.4	1,329,264.6	6,297.4	1,712.8
FY15	Projection	1,752,949.7	331,333.5	1,413,229.5	6,391.8	1,995.0
FY16	Projection	1,847,407.2	350,172.3	1,488,584.5	6,481.3	2,169.1

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 7.4% 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

Greater Than But Not More Than	Tax Rates on the Portion of Income						
	\$0	\$1,000	\$2,000	\$3,000	\$4,000	\$5,000	\$6,000
		\$1,000	\$2,000	\$3,000	\$4,000	\$5,000	\$6,000
1931	1.0%	1.0%	2.0%	2.0%	3.0%	3.0%	4.0%
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%						
2012	7.4%						

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 Idaho State Tax Commission and deposited with the Idaho State Treasurer is required by statute to be deposited in the State Refund Fund. Any balance exceeding \$1,500,000 in this fund at the end of the fiscal 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 in FY 2015 and FY 2016 are based on a combination of econometric analysis and judgment.

Historical Data:

CORPORATE INCOME TAX

(\$ THOUSANDS)

Year		Gross Collections	Distributions			
			Refunds	Gen. Fund	Perm. Building Fund	Multi-State Tax Compact
FY81	Actual	50,875.5	4,416.2	46,288.4	127.2	43.6
FY82	Actual	45,602.0	5,418.2	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	22,945.2	190,222.2	497.1	-2,474.6
FY08	Actual	212,879.8	22,685.5	189,283.5	471.1	439.7
FY09	Actual	174,503.0	32,262.6	141,025.4	503.6	711.4
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	Actual	206,626.7	18,037.3	187,014.2	453.3	1,122.0
FY13	Actual	223,113.6	22,773.4	198,659.0	543.0	1,138.2
FY14	Actual	217,543.7	27,209.0	188,291.4	479.1	1,564.2
FY15	Projection	235,423.9	33,835.1	200,132.2	503.1	953.5
FY16	Projection	249,951.4	35,923.0	212,481.9	523.2	1,023.3

This page left blank intentionally.

SALES TAX

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

Idaho's sales tax rate is 6% and applies to the sale, rental, or lease of tangible personal property and some services. Net sales tax receipts are distributed in the following manner. Revenue sharing receives 11.5% of the net sales tax collections. The Permanent Building Fund is allocated \$5,000,000. The Water Pollution Control Fund receives \$4,800,000. Another \$8,487,103 funds the Agricultural Equipment Property Tax Exemption and \$18,933,640 is dedicated to Personal Property Tax Relief. Other distributions are made to fund the Demonstration Pilot Project and Election Consolidation. All remaining revenue accrues to the General Fund.

SALES TAX RATE AND DISTRIBUTION HISTORY

Effective Date	Tax Rate	Gen. Fund	Perm. Building Fund	Revenue Sharing	Alloc. to Counties ¹	Water Pollution Control Fund	Public School Income Fund	Agricultural Equipment Prop. Tax Exemption	Personal Property Tax Exemption	Misc. Dist.
Jul-1965	<u>3.0%</u>	Bal.	<u>\$500,000</u>							2,3
Jul-1968	3.0%	Bal.	\$500,000		<u>5.0%</u>					3
Jul-1969	3.0%	Bal.	\$500,000		<u>10.0%</u>					3
Jul-1970	3.0%	Bal.	\$500,000		<u>15.0%</u>					3
Jul-1971	3.0%	Bal.	\$500,000		<u>20.0%</u>					3
Jul-1975	3.0%	Bal.	\$500,000		20.0%					3,5
Jul-1976	3.0%	Bal.	\$500,000		20.0%					3,5
Jul-1977	3.0%	Bal.	\$500,000		20.0%					3,4,5
Jul-1980	3.0%	Bal.	\$500,000		<u>10.0%</u>		<u>10.0%</u>			3,4,5
Mar-1983	<u>4.0%</u>	Bal.	\$500,000		10.0%		10.0%			3,4,5
Jun-1983	<u>4.5%</u>	Bal.	\$500,000		10.0%		10.0%			3,4,5
Jul-1984	<u>4.0%</u>	Bal.	\$500,000	<u>6.25%</u>	<u>7.5%</u>	<u>\$4,800,000</u>				4,5
Apr-1986	<u>5.0%</u>	Bal.	\$500,000	6.25%	7.5%	\$4,800,000				4,5
Jul-1987	5.0%	Bal.	\$500,000	<u>7.75%</u>	<u>6.0%</u>	\$4,800,000				4,5
Jul-1988	5.0%	Bal.	\$500,000	7.75%	6.0%	\$4,800,000				4,5,6
Jul-1995	5.0%	Bal.	\$500,000	7.75%	6.0%	\$4,800,000				4,5,6,7
Jul-1998	5.0%	Bal.	\$500,000	7.75%	6.0%	\$4,800,000				4,5,6
Jul-2000	5.0%	Bal.	<u>\$5,000,000</u>	<u>13.75%</u>	<u>0.0%</u>	\$4,800,000				4,5,6
May-2003	<u>6.0%</u>	Bal.	\$5,000,000	13.75%	0.0%	\$4,800,000				4,5,6
Jun-2003	6.0%	Bal.	\$5,000,000	<u>11.50%</u>	0.0%	\$4,800,000				4,5,6
Jul-2004	6.0%	Bal.	\$5,000,000	11.50%	0.0%	\$4,800,000		<u>\$13,448,453</u>		4,5,6
Jul-2005	<u>5.0%</u>	Bal.	\$5,000,000	11.50%	0.0%	\$4,800,000		\$13,448,453		4,5,6
Aug-2005	5.0%	Bal.	\$5,000,000	<u>13.75%</u>	0.0%	\$4,800,000		\$13,448,453		4,5,6
Oct-2006	<u>6.0%</u>	Bal.	\$5,000,000	13.75%	0.0%	\$4,800,000		\$13,448,453		4,5,6
Nov-2006	6.0%	Bal.	\$5,000,000	<u>11.50%</u>	0.0%	\$4,800,000		<u>\$8,487,103</u>		4,5,6
Jul-2007	6.0%	Bal.	\$5,000,000	11.50%	0.0%	\$4,800,000		\$8,487,103		4,5,6,8
Jan-2013	6.0%	Bal.	\$5,000,000	11.50%	0.0%	\$4,800,000		\$8,487,103	<u>\$18,933,640</u>	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 2015 and FY 2016 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. Idaho personal income, housing starts, and seasonal factors are then used to predict gross sales tax collections. Projected refunds are subtracted from gross collections to arrive at net sales tax receipts. The balance remaining after each fund receives its statutory portion of the net receipts accrues to the General Fund.

Historical Data:

SALES TAX

(\$ THOUSANDS)

Year		Gross Collections	Distributions											
			Refunds	Gen. Fund	Perm. Building Fund	Revenue Sharing	Alloc. to Counties	Water Pollution Control Fund	Circuit Breaker	Personal Property Tax Exemption	Agricultural Equipment Prop. Tax Exemption	Misc. Dist.		
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	0.0			40,774.7	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	0.0			45,299.1	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	0.0			50,994.9	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	3,5,6
FY12	Actual	1,216,228.3	8,738.5	1,027,344.3	5,000.0	138,440.4	0.0	4,800.0	16,069.8	0.0	8,487.1		7,348.3	3,5,6
FY13	Actual	1,313,372.0	11,087.6	1,109,828.5	5,000.0	149,426.5	0.0	4,800.0	15,901.5	0.0	8,487.1		8,840.8	3,5,6
FY14	Actual	1,369,521.6	3,780.6	1,145,731.8	5,000.0	156,568.6	0.0	4,800.0	15,728.2	18,933.6	8,487.1		10,491.7	3,5,6
FY15	Projection	1,442,010.9	8,142.9	1,204,333.5	5,000.0	164,894.8	0.0	4,800.0	16,223.9	18,933.6	8,487.1		11,195.0	3,5,6
FY16	Projection	1,517,275.7	8,564.8	1,269,992.9	5,000.0	173,501.8	0.0	4,800.0	16,548.4	18,933.6	8,487.1		11,447.2	3,5,6

1. Social Security Trust.
2. Public School Income.
3. Multi-State Tax Compact. FY 96, FY 97, and FY 98 include amounts to fund public school property tax relief.
4. Amount includes one extra quarterly payment.
5. Demonstration Pilot Project
6. Election Consolidation

CIGARETTE TAX

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

Idaho's cigarette tax rate is 57 cents per pack of 20 cigarettes. In each fiscal year through FY 2019 the cigarette tax is distributed as follows. The Public School Income Fund and Department of Juvenile Corrections each receive \$3,315,000. The Permanent Building Fund receives \$5,000,000. The Central Tumor Registry Fund receives \$120,000. The Cancer Control Fund receives \$300,000. 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 distributed as follows. The first \$4,700,000 is deposited in the Grant Anticipation Revenue Vehicle (GARVEE) Debt Service Fund. The next \$5,000,000 is dedicated to the Secondary Aquifer Planning, Management, and Implementation Fund. All remaining revenue is deposited into the State Highway Account. After FY 2019, the cigarette tax is distributed as follows. The Public School Income Fund and Department of Juvenile Corrections each receive \$3,315,000. The remaining amount per pack after refunds 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 are directed to the Economic Recovery Reserve Fund.

CIGARETTE TAX RATE AND DISTRIBUTION HISTORY

Effective Date	Rate per Cigarette			Distribution of Remaining Receipts								
	Total	Public School Income Fund	County Juvenile Probation Fund	Gen. Fund	Central Tumor Registry Fund ^{2,3}	Perm. Building Fund ⁴	Water Pollution Control Fund	Cancer Control Fund	Economic Recovery Reserve Fund ⁶	GARVEE Debt Service Fund ⁶	Aquifer Fund ⁶	State Highway Account ⁶
May-1945	\$0.001000			100.0%								
Jul-1947	\$0.001500			100.0%								
Jul-1955	\$0.002000			100.0%								
Jul-1959	\$0.002500			100.0%								
Jul-1961	\$0.003000			\$0.00250		\$0.0005						
Jul-1963	\$0.003500			\$0.00300		\$0.0005						
Jul-1972	\$0.004550			\$0.00350	\$0.00005 to \$40,000	\$0.0005	\$0.0005					
Jul-1974	\$0.004550			Balance	1.099% to \$40,000	10.989%	10.989%					
Jul-1975	\$0.004550			Balance	1.099% to \$55,000	10.989%	10.989%					
Jul-1978	\$0.004550			Balance	1.099% to \$70,000	10.989%	10.989%					
Jul-1979	\$0.004550			Balance	1.099% to \$70,000	10.989%	10.989%	3.645%				
Jul-1980	\$0.004550			Balance	1.099% to \$85,000	10.989%	10.989%	3.645%				
Jul-1982	\$0.004550			Balance	1.099% to \$95,000	10.989%	10.989%	3.645%				
Jul-1984	\$0.004550			Balance	1.099% to \$100,000	10.989%	10.989%	3.645%				
Mar-1987	\$0.009000 ¹			Balance ¹	1.099% to \$100,000	10.989%	10.989%	3.645%				
Jul-1987	\$0.009000			Balance	1.000% to \$100,000	43.300%	6.700%	2.500%				
Jul-1989	\$0.009000			Balance	1.000% to \$110,000	43.300%	6.700%	2.500%				
Jul-1994	\$0.014000	\$0.005000		Balance	1.000%	43.300%	6.700%	2.500%				
Mar-1995	\$0.014000	\$0.002500	\$0.002500	Balance	1.000%	43.300%	6.700%	2.500%				
Jul-2000	\$0.014000	\$0.002500	\$0.002500	Balance	1.000%	43.300%	0.000%	2.500%				
Jun-2003	\$0.028500	\$0.002587	\$0.002587	Balance	1.000%	43.300%	0.000%	2.500%				
Jul-2003	\$0.028500	\$0.002587	\$0.002587	21.25% plus balance up to \$23.5 M	0.400%	17.300%	0.000%	1.000%	Balance > \$23.5M			
Jul-2004	\$0.028500	\$0.002587	\$0.002587	21.25%	0.400%	17.300%	0.000%	1.000%	Balance			
Jul-2006	\$0.028500	\$0.002587	\$0.002587	Bond Levy Equalization Appropriation	0.400%	17.300%	0.000%	1.000%				
						+ Balance						
Jul-2009	\$0.028500	\$0.002587	\$0.002587	Bond Levy Equalization Appropriation less Lottery Contribution.	0.400%	17.300%	0.000%	1.000%				
						+ Balance						
Jul-2014	\$0.028500	\$3,315,000 ⁵	\$3,315,000 ⁵	Bond Levy Equalization Appropriation less Lottery Contribution.	\$120,000	\$5,000,000	\$0	\$300,000	\$0	\$4,700,000	\$5,000,000	Remainder
						+ Balance						
Jul-2019	\$0.028500	\$3,315,000	\$3,315,000	Bond Levy Equalization Appropriation less Lottery Contribution.	0.400%	17.300%	0.000%	1.000%	Remainder			
						+ Balance						

1. From March 1, 1987 to July 1, 1987 the additional \$0.00445 per cigarette is directed 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 the Capitol restoration is funded.
5. Fixed distribution to Public School Income and County Juvenile Probation Funds replaces per cigarette distribution.
6. These distributions take place after the Capitol restoration is funded.

Basis of Projection:

Gross cigarette tax collections for FY 2015 and FY 2016 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. The amount of receipts directed to the General Fund is set annually by Idaho statute.

Historical Data:

CIGARETTE TAX

(\$ THOUSANDS)

Year		Gross Collections	Distributions															
			Gen. Fund	Base Perm. Building Fund	Additional Perm. Building Fund	Refunds	Water Pollution Control Fund	Cancer Control Fund	Central Tumor Registry Fund	Public School Income Fund	County Juvenile Probation Fund	Economic Recovery Reserve Fund	GARVEE Debt Service Fund	Aquifer Fund	State Highway Account			
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	Actual	38,250.3	11,600.0	5,369.9	13,635.6	3.0	0.0	310.4	124.2	3,603.6	3,603.6	0.0						
FY13	Actual	37,846.0	13,077.0	5,305.9	11,857.7	1.2	0.0	306.7	122.7	3,587.4	3,587.4	0.0						
FY14	Actual	36,471.0	3,695.6	5,207.9	20,778.7	5.0	0.0	301.0	120.4	3,181.2	3,181.2	0.0						
FY15	Projection	35,192.1	3,337.6	5,000.0	12,172.1	77.6	0.0	300.0	120.0	3,315.0	3,315.0	0.0	4,700.0	2,854.7			0.0	
FY16	Projection	33,839.2	6,650.0	5,000.0	0.0	77.6	0.0	300.0	120.0	3,315.0	3,315.0	0.0	4,700.0	5,000.0			5,361.6	

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 Fund	Gen. Fund	Public School Income Fund	County Juvenile Probation Fund
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 2015 and FY 2016 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 Control Fund	Public School Income Fund	County Juvenile Probation Fund
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	Actual	10,204.3	8,925.5	3.7	0.0	637.5	637.5
FY13	Actual	11,460.3	10,013.0	16.8	0.0	715.2	715.2
FY14	Actual	11,317.9	9,883.8	22.2	0.0	706.0	706.0
FY15	Projection	11,409.2	9,960.7	22.4	0.0	713.1	713.1
FY16	Projection	11,578.6	10,108.9	22.4	0.0	723.7	723.7

BEER TAX

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

A 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 taxed as wine. 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 2015 and FY 2016 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
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	Actual	4,138.7	1,944.1	1,365.0	2.2	0.0	827.3
FY13	Actual	4,104.8	1,927.8	1,353.5	3.2	0.0	820.3
FY14	Actual	4,025.0	1,890.9	1,327.7	1.8	0.0	804.6
FY15	Projection	4,065.7	1,909.4	1,340.6	3.2	0.0	812.5
FY16	Projection	4,138.5	1,943.6	1,364.7	3.2	0.0	827.1

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 2015 and FY 2016 are based on a trend analysis of historical sales.

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
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	Actual	4,163.7	3,454.1	2.1	0.0	499.4	208.1
FY13	Actual	4,712.7	3,908.7	3.4	0.0	565.1	235.5
FY14	Actual	4,988.8	4,134.6	7.3	0.0	597.8	249.1
FY15	Projection	5,154.2	4,272.2	7.0	0.0	617.7	257.4
FY16	Projection	5,319.6	4,409.5	7.0	0.0	637.5	265.6

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 2015 and FY 2016 are based on an assessment of recent collection history in comparison to water availability.

Historical Data:

KILOWATT-HOUR TAX

(\$ THOUSANDS)

Year		Gross Collections	Distributions	
			Refunds	Gen. Fund
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	Actual	2,981.6	0.0	2,981.6
FY13	Actual	1,919.9	0.0	1,919.9
FY14	Actual	1,839.9	0.0	1,839.9
FY15	Projection	1,800.0	0.0	1,800.0
FY16	Projection	1,900.0	0.0	1,900.0

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 net tax collected accrues to the General Fund and the remainder (34%) goes to the Abandoned Mine Reclamation Fund. The distribution for the net mine license tax collected from mining operations with cyanidation facilities is slightly different. Thirty-three percent of the net tax collected from operations with a cyanidation facility is distributed to the General Fund, 33% goes to the Cyanidation Facility Closure Fund, and the remainder (34%) goes to the Abandoned Mine Reclamation Fund.

Basis of Projection:

The projections of General Fund revenue from this source for FY 2015 and FY 2016 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	Gen. Fund
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	Actual	3,220.4	152.8	0.0	1,043.0	2,024.7
FY13	Actual	959.2	153.9	0.0	273.8	531.5
FY14	Actual	842.7	56.7	0.0	267.2	518.7
FY15	Projection	794.8	37.2	0.0	257.6	500.0
FY16	Projection	946.3	37.2	0.0	309.1	600.0

LIQUOR FUND

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

A portion of the net income of the State Liquor Division flows to the General Fund. Two percent of gross liquor revenue is dedicated to the Drug Court, Mental Health Court, and Family Court Services Fund. Half of the amount remaining is distributed to cities and counties. The other half is distributed as follows: the Substance Abuse Treatment Fund receives \$2.08 million; the Community College Fund receives \$0.6 million; the Public School Income Fund receives \$1.2 million; the Cooperative Welfare Fund receives \$0.65 million; the Drug Court, Mental Health Court and Family Court Services Fund receives \$0.68 million; the Drug and Mental Health Court Supervision Fund receives \$0.44 million; and the General Fund receives the remainder.

Historical Data:

LIQUOR FUND

(\$ THOUSANDS)

Year		Gross Dist.	Gen. Fund	Distributions											Cities & Counties		
				Alcoholism Treatment Fund	Community College Fund	Coop. Welfare Fund	Public School Income Fund	Budget Reserve Fund	Perm. Building Fund	Drug Cr., Mental Health & Family Cr. Svcs. Fund	Idaho Water Resource Brd. Revolving Development Fund	Warehouse Remodel Fund	Substance Abuse Treatment Fund	Drug & Mental Health Cr. Supervision Fund			
FY81	Actual	14,378.7	3,741.8	This area intentionally left blank.													
FY82	Actual	12,914.8	3,948.1	For more information, please contact the Idaho Division of Financial Management.													
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										
FY86	Actual	12,294.5	4,945.0	1,200.0	300.0	650.0	1,200.0										
FY87	Actual	12,294.8	4,945.0	1,200.0	300.0	650.0	1,200.0										
FY88	Actual	10,795.0	4,945.0	1,200.0	300.0	650.0	1,200.0										
FY89	Actual	11,377.9	4,945.0	1,200.0	300.0	650.0	1,200.0										
FY90	Actual	12,425.0	4,945.0	1,200.0	300.0	650.0	1,200.0										
FY91	Actual	12,268.3	4,945.0	1,200.0	300.0	650.0	1,200.0										
FY92	Actual	12,999.1	4,945.0	1,200.0	300.0	650.0	1,200.0										
FY93	Actual	12,802.8	4,945.0	1,200.0	300.0	650.0	1,200.0										
FY94	Actual	26,149.3	4,945.0	1,200.0	300.0	650.0	1,200.0	6,255.8									
FY95	Actual	18,449.3	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0									
FY96	Actual	16,578.1	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0									
FY97	Actual	17,417.3	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0									
FY98	Actual	16,605.7	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0									
FY99	Actual	18,584.1	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0									
FY00	Actual	19,891.7	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0	1,000.0								
FY01	Actual	20,293.9	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0	0.0								
FY02	Actual	21,100.7	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0	0.0								
FY03	Actual	23,163.0	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0	0.0								
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							
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						
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					
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					
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			
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			
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			
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			
FY12	Actual	53,000.8	17,248.0	0.0	600.0	650.0	1,200.0	0.0	0.0	3,580.8	0.0	0.0	2,080.0	440.0			
FY13	Actual	59,064.6	20,925.0	0.0	600.0	650.0	1,200.0	0.0	0.0	3,824.6	0.0	0.0	2,080.0	440.0			
FY14	Actual	63,524.9	24,210.0	0.0	600.0	650.0	1,200.0	0.0	0.0	3,904.9	0.0	0.0	2,080.0	440.0			
FY15	Projection	65,642.5	25,480.0	0.0	600.0	650.0	1,200.0	0.0	0.0	3,992.5	0.0	0.0	2,080.0	440.0			
FY16	Projection	65,913.2	25,604.8	0.0	600.0	650.0	1,200.0	0.0	0.0	4,083.6	0.0	0.0	2,080.0	440.0			

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, US 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 US Small Business Administration loans.

For historical and projected data see the "Miscellaneous Revenues" table.

Basis of Projection:

The projections of General Fund revenue from this source for FY 2015 and FY 2016 are based on an assessment of the State Treasurer's fund balances, forecasts of interest rates, and agency expectations. The FY 2015 projection includes the approximately \$0.7-million net cost associated with the issuance of this year's tax anticipation note. The FY 2016 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 and projected data see the "Miscellaneous Revenues" table.

Basis of Projection:

The projections of General Fund revenue from this source for FY 2015 and FY 2016 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*)

Idaho assesses a 1.5% tax on insurance premiums for policies written in Idaho. 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. 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. Beginning in FY 2016, all net tax collections accrue to the General Fund.

For historical and projected data see the "Miscellaneous Revenues" table.

Basis of Projection:

The projections of General Fund revenue from this source for FY 2015 and FY 2016 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*)

Prior to FY 2013, revenue from the sale of alcoholic beverage licenses to retailers, wholesalers, and manufacturers was deposited in the state's General Fund. Beginning in FY 2013, these revenues are directed to the Alcohol Beverage Control Fund.

For historical and projected data see the "Miscellaneous Revenues" table.

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. The holding period before most types of financial properties are considered abandoned is five years. Unclaimed Property Fund balances exceeding \$250,000 are transferred to the General Fund by the end of each fiscal year.

For historical and projected 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 other miscellaneous fees, such as Uniform Commercial Code (UCC) filing fees and notary fees.

For historical and projected 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. However, the unpredictable nature of other items included in this source is evidenced by the collection history.

For historical and projected data see the “Miscellaneous Revenues” table.

Basis of Projection:

The projections of miscellaneous General Fund revenues for FY 2015 and FY 2016 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. Previously, federal tax law allowed 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 was equal to this credit. Ten percent of the gross amount collected was distributed to the Idaho county of probate and the remainder, net of refunds, accrued to the state’s General Fund. The Economic Growth and Tax Relief Reconciliation Act of 2001 phased out this credit so that it did 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. 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. The federal credit for state estate taxes did not return at that time. Neither was the credit included in the American Taxpayer Relief Act that was signed into law on January 2, 2013. Thus, under current federal law there is no credit for state estate taxes paid, so there is nothing for the Idaho estate and transfer tax to pick up.

For historical and projected 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	
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 ¹
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 ²
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 ³
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 ⁴
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 ⁵
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 ⁶
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 ⁷
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 ⁸
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 ⁹
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 ¹⁰
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 ¹¹
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 ¹²
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 ¹³
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 ¹⁴
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 ¹⁵
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 ¹⁶
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 ¹⁷
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 ¹⁸
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	Actual	-22.0	-604.3	4,849.4	56,579.7	1,557.1	8,888.0	2,428.0	1,041.6	16,155.4	27,897.5
FY13	Actual	63.0	355.7	4,592.0	55,621.7	127.7	6,997.5	2,538.0	829.8	4,529.8	29,452.7
FY14	Actual	303.8	-365.5	4,355.6	59,356.4	0.0	5,655.0	2,701.7	1,231.2	4,222.3	28,507.5
FY15	Projection	0.0	-337.3	4,919.0	56,735.2	-3.2	6,000.0	2,891.3	1,034.2	1,965.7	26,337.3
FY16	Projection	0.0	353.5	4,922.7	62,924.4	0.0	6,000.0	3,030.0	1,031.8	0.0	27,105.5

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 offsetting transfer of \$1,000,000 borrowed and repaid by the Lottery Commission.
5. Includes one-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.

Idaho's Tax Structure

Exemptions, Credits, Exclusions, and Deductions

This page left blank intentionally.

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 privacy 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 7.4% on corporate income. Tax rates on individuals vary from a low of 1.6% to a top rate of 7.4%. 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 (Sunset 2013)
Riparian Land Improvements Credit (Sunset 2002)
Broadband Investment Credit
County Incentive Investment Tax Credit (Sunset 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 (Sunset 2011)
Special Job Credit (Sunsets 2016)
Reimbursement Incentive Credit

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
Certain Loss Recoveries Deduction
Nonresident Guaranteed Partnership Income Exclusion

SALES AND USE TAX

The Idaho sales tax is a 6.0% 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.

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 are "Hotels and Other Lodging Places," "Amusement and Recreation Services," and "Admissions." Two other types of sales defined by Idaho law as taxable are restaurant meals, which contain both tangible property and service elements, and charges for producing, processing, printing, or imprinting tangible personal property when the property is supplied by the consumer of these services.

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 (Sunsets 2016)
- Railroad Rolling Stock and Remanufacturing
- Interstate Trucks
- Out-of-State Contracts
- Trade-in Value
- Sale or Lease of Businesses or Business Assets
- Supplemental Nutrition Assistance Program (SNAP)/Women, Infants, and Children (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 (Sunset 2011)
Research and Development Equipment
Corporate Headquarters Construction (Repealed 2008)
Small Employer Headquarters Construction (2006-2020)
Glider Kit Vehicles
Media Production Projects (Sunsets 2016)
State Tax Anticipation Revenue
Motor Vehicles of Nonresident Students
Personal Property of Military Personnel
Beverage and Food Samples
Beverage and Food Donations

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
Remotely-Accessed Computer Software

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

	CY2011	CY2012	CY2013	CY2014	CY2015	CY2016
1 Income Tax Expenditures (Calendar Year Basis)						
1.1 Uses of Income Not Taxed						
1.1.01 Investment Tax Credit	\$28,836	\$28,861	\$30,319	\$32,437	\$34,540	\$36,869
1.1.02 Other States Tax Credit	\$64,584	\$68,284	\$70,964	\$74,556	\$77,212	\$80,911
1.1.03 Elderly Dependent Credit	\$747	\$771	\$802	\$835	\$868	\$902
1.1.04 Youth and Rehabilitation Credit	\$7,725	\$7,756	\$7,952	\$8,219	\$8,419	\$8,946
1.1.05 Schools, Libraries, and Museums Credit	\$6,946	\$7,477	\$7,770	\$8,164	\$8,454	\$6,359
1.1.06 Grocery Credit	\$89,727	\$103,456	\$117,925	\$129,633	\$141,560	\$143,649
1.1.07 Recycling Equipment Credit	\$4	\$9	\$19	\$19	\$19	\$19
1.1.08 Technological Equipment Deduction	\$52	\$58	\$60	\$63	\$65	\$69
1.1.09 Long-Term Care Insurance Deduction	\$1,198	\$1,258	\$1,275	\$1,291	\$1,316	\$1,345
1.1.10 Alternative Energy Device Deduction	\$422	\$340	\$353	\$371	\$383	\$401
1.1.11 Insulation Deduction	\$373	\$913	\$949	\$996	\$1,026	\$1,073
1.1.12 Workers' Compensation Premium Deduction	\$400	\$400	\$400	\$400	\$400	\$400
1.1.13 Child Care Deduction	\$3,917	\$3,921	\$3,933	\$3,967	\$3,985	\$4,021
1.1.14 College Savings Deduction	\$1,628	\$1,661	\$1,726	\$1,813	\$1,876	\$1,966
1.1.15 Health Insurance Deduction	\$14,593	\$14,936	\$15,961	\$16,485	\$17,169	\$18,105
1.1.16 Elderly and Developmental Disability Deduction	\$9	\$9	\$9	\$9	\$9	\$9
1.1.17 Adoption Expense Deduction	\$30	\$27	\$45	\$45	\$45	\$45
1.1.18 Medical Savings Account Deduction	\$787	\$742	\$771	\$1,797	\$1,822	\$1,861
1.1.19 New Employees Credit	\$273	\$4,101	\$4,216	Sunset	Sunset	Sunset
1.1.20 Riparian Land Improvements Credit	Sunset	Sunset	Sunset	Sunset	Sunset	Sunset
1.1.21 Broadband Investment Credit	\$574	\$2,081	\$2,186	\$2,339	\$2,491	\$2,659
1.1.22 County Incentive Investment Tax Credit	Sunset	Sunset	Sunset	Sunset	Sunset	Sunset
1.1.23 Research Activity Credit	\$1,697	\$3,449	\$3,623	\$3,876	\$4,128	\$4,406
1.1.24 Promoter Sponsored Events Credit	\$95	\$1	\$12	\$12	\$12	\$12
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	\$597	\$203	\$367	\$367	\$367	\$367
1.1.29 Small Employer Real Property Improvement Credit	\$5	\$141	\$29	\$29	\$29	\$29
1.1.30 Small Employer New Jobs Credit	\$147	\$26	\$72	\$72	\$72	\$72
1.1.31 Live Organ Donation Expenses Credit	\$19	\$25	\$34	\$34	\$34	\$34
1.1.32 Biofuel Investment Tax Credit	\$95	\$55	Sunset	Sunset	Sunset	Sunset
1.1.33 Special Job Credit	\$125	\$0	\$0	\$0	\$0	\$0
1.1.34 Reimbursement Incentive Credit	\$0	\$0	\$0	\$3,000	\$6,000	\$9,000
1.2 Sources of Income Not Taxed						
1.2.01 Capital Gains Exclusion	\$10,616	\$19,534	\$20,300	\$21,327	\$22,065	\$23,116
1.2.02 Government Interest Exclusion	\$2,050	\$1,826	\$1,671	\$1,727	\$1,758	\$1,867
1.2.03 Social Security Exclusion	\$54,887	\$60,143	\$62,178	\$65,456	\$68,550	\$71,409
1.2.04 Railroad Retirement Exclusion						
1.2.05 Retirement Benefit Exclusion	\$6,460	\$6,890	\$7,121	\$7,492	\$7,816	\$8,136
1.2.06 Idaho Lottery Winnings Exclusion	\$4,856	\$4,901	\$4,986	\$5,071	\$5,159	\$5,248
1.2.07 Indian Earnings on Reservation Exclusion	\$598	\$628	\$653	\$686	\$710	\$745
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
1.2.10 Certain Loss Recoveries Deduction	\$0	\$0	\$250	\$250	\$250	\$250
1.2.11 Nonresident Guaranteed Partnership Income Exclusion	\$0	\$0	\$440	\$440	\$440	\$440

Idaho's Tax Structure

Fiscal Summary

\$ Thousands

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
2 Sales Tax Expenditures (Fiscal Year Basis)						
2.1 Specific Uses Not Taxed						
2.1.01 Production Exemption - Equipment	\$73,187	\$76,439	\$81,044	\$87,010	\$92,335	\$99,295
2.1.02 Production Exemption - Supplies	\$55,403	\$57,864	\$61,350	\$65,866	\$69,898	\$75,166
2.1.03 Irrigation Equipment and Supplies	\$3,920	\$4,018	\$4,118	\$4,221	\$4,327	\$4,435
2.1.04 Pollution Control Equipment	\$9,548	\$9,999	\$10,870	\$11,590	\$11,903	\$13,016
2.1.05 Broadcast Equipment and Supplies	\$2,260	\$2,360	\$2,502	\$2,686	\$2,851	\$3,066
2.1.06 Publishing Equipment and Supplies	\$145	\$151	\$160	\$172	\$183	\$197
2.1.07 Commercial Aircraft	\$1,890	\$2,054	\$2,054	\$2,054	\$2,054	Sunset
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	\$6,198	\$6,719	\$7,039	\$7,538	\$8,058	\$8,566
2.1.10 Out-of-State Contracts	\$3,766	\$3,933	\$4,170	\$4,477	\$4,751	\$5,110
2.1.11 Trade-in Value	\$26,460	\$28,687	\$30,051	\$32,183	\$34,400	\$36,570
2.1.12 Sale or Lease of Businesses or Business Assets	\$1,787	\$1,867	\$1,979	\$2,125	\$2,255	\$2,425
2.1.13 SNAP/WIC	\$22,834	\$21,955	\$22,344	\$22,951	\$23,947	\$24,873
2.1.14 Motor Vehicles Used Outside of Idaho	\$14,779	\$16,023	\$16,785	\$17,976	\$19,214	\$20,426
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	\$83	\$85	\$87	\$89	\$92	\$95
2.1.19 School Lunches and Senior Citizen Meals	\$4,593	\$4,700	\$4,833	\$5,027	\$5,133	\$5,294
2.1.20 Drivers Education Automobiles	\$39	\$39	\$39	\$39	\$40	\$40
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	\$9,624	\$193	Sunset	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	\$272	\$295	\$309	\$331	\$354	\$376
2.1.28 Media Production Projects	\$66	\$69	\$71	\$74	\$77	\$0
2.1.29 State Tax Anticipation Revenue	\$2,495	\$3,947	\$5,436	\$5,600	\$5,800	\$6,000
2.1.30 Motor Vehicles of Nonresident Students	\$25	\$25	\$25	\$25	\$26	\$26
2.1.31 Personal Property of Military Personnel	NA	NA	NA	NA	NA	NA
2.1.32 Beverage and Food Samples	\$0	\$5	\$15	\$15	\$16	\$17
2.1.33 Beverage and Food Donations	\$0	\$0	\$0	\$10	\$10	\$10
2.2 Goods Not Taxed						
2.2.01 Motor Fuels	\$197,755	\$197,825	\$195,381	\$174,753	\$169,143	\$173,281
2.2.02 Heating Materials	\$5,771	\$5,717	\$5,971	\$5,299	\$5,492	\$5,674
2.2.03 Utility Sales	\$93,357	\$96,157	\$99,042	\$102,013	\$105,074	\$108,226
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	\$45,404	\$46,940	\$50,896	\$55,994	\$59,983	\$64,964
2.2.07 Funeral Caskets	\$1,400	\$1,442	\$1,485	\$1,530	\$1,576	\$1,623
2.2.08 Containers	\$39	\$40	\$40	\$41	\$43	\$44
2.2.09 Nonprofit Literature	\$134	\$135	\$137	\$139	\$141	\$143
2.2.10 Official Documents	\$66	\$67	\$68	\$69	\$70	\$71
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	\$2,260	\$2,286	\$2,355	\$2,431	\$2,517	\$2,597
2.2.14 Telecommunications Equipment	\$1,704	\$1,875	\$2,062	\$2,268	\$2,495	\$2,745
2.2.15 Personal Property Tax on Rentals	\$400	\$400	\$400	\$400	\$400	\$400
2.2.16 Remotely-Accessed Computer Software	\$0	\$0	\$0	\$6,500	\$6,813	\$7,160

Idaho's Tax Structure

Fiscal Summary

\$ Thousands

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
2.3 Services Not Taxed						
2.3.01 Construction	\$116,230	\$122,839	\$131,836	\$138,446	\$145,792	\$154,626
2.3.02 Agricultural and Industrial Services	\$7,546	\$7,636	\$7,826	\$8,032	\$8,263	\$8,478
2.3.03 Transportation Services	\$37,912	\$39,218	\$40,731	\$42,273	\$44,731	\$47,094
2.3.04 Information Services	\$78,254	\$78,909	\$79,980	\$81,144	\$82,306	\$83,550
2.3.05 Repairs	\$39,199	\$40,599	\$42,297	\$44,021	\$46,001	\$48,222
2.3.06 Professional Services	\$214,928	\$222,607	\$231,917	\$241,369	\$252,225	\$264,402
2.3.07 Business Services	\$108,220	\$112,086	\$116,774	\$121,533	\$126,999	\$133,131
2.3.08 Personal Services	\$9,377	\$9,712	\$10,118	\$10,531	\$11,004	\$11,536
2.3.09 Health and Medical Services	\$417,352	\$435,598	\$451,056	\$467,973	\$493,502	\$521,069
2.3.10 Social Services	\$66,125	\$69,016	\$71,465	\$74,146	\$78,190	\$82,558
2.3.11 Educational Services	\$40,008	\$41,437	\$43,170	\$44,929	\$46,950	\$49,217
2.3.12 Lottery Tickets and Pari-Mutuel Betting	\$10,974	\$10,576	\$10,974	\$11,388	\$11,819	\$12,267
2.3.13 Media Measurement Services	\$66	\$68	\$70	\$72	\$74	\$77
2.3.14 Miscellaneous Services	\$2,611	\$2,705	\$2,818	\$2,933	\$3,065	\$3,213
2.3.15 Nonprofit Shooting Range Fees	\$35	\$36	\$37	\$39	\$41	\$43
2.3.16 Gratuities for Meals	\$200	\$205	\$208	\$214	\$223	\$232
2.4 Specific Entities Not Taxed						
2.4.01 Educational Institution Purchases	\$10,219	\$10,253	\$10,399	\$10,603	\$10,830	\$11,143
2.4.02 Hospital Purchases	\$25,100	\$26,197	\$27,127	\$28,145	\$29,680	\$31,338
2.4.03 Health Entity Purchases	\$407	\$422	\$437	\$453	\$472	\$495
2.4.04 Canal Company Purchases	\$1,010	\$1,024	\$1,037	\$1,050	\$1,063	\$1,080
2.4.05 Forest Protective Association Purchases	\$44	\$45	\$46	\$46	\$47	\$47
2.4.06 Food Bank Purchases	\$292	\$302	\$313	\$325	\$338	\$354
2.4.07 Nonsale Clothier Purchases	\$1	\$1	\$1	\$1	\$1	\$1
2.4.08 Centers for Independent Living	\$5	\$6	\$6	\$6	\$6	\$6
2.4.09 State of Idaho and Local Government Purchases	\$27,996	\$28,993	\$30,253	\$31,225	\$31,488	\$31,970
2.4.10 Ronald McDonald House Rooms	\$1	\$1	\$1	\$1	\$1	\$1
2.4.11 INL Research and Development Purchases	\$4,408	\$4,622	\$4,911	\$5,300	\$5,681	\$6,204
2.4.12 Motor Vehicle Purchases by Family Members	\$1,734	\$1,880	\$1,970	\$2,109	\$2,255	\$2,397
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)	\$3,349	\$3,467	\$3,595	\$3,726	\$3,885	\$4,068
2.4.15 Sales by Indian Tribes on Reservations	\$5,355	\$5,482	\$5,606	\$5,708	\$5,893	\$6,135
2.4.16 Sales of Meals by Churches to Members	\$13	\$13	\$14	\$14	\$15	\$15
2.4.17 Sales by Outfitters and Guides	\$16	\$16	\$16	\$16	\$16	\$16
2.4.18 Sales Through Vending Machines	\$2,496	\$2,556	\$2,601	\$2,672	\$2,788	\$2,896
2.4.19 Auto Manufacturer Rebates	\$572	\$620	\$650	\$696	\$744	\$791
2.4.20 Incidental Sales by Churches	\$839	\$868	\$900	\$933	\$973	\$1,019
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	\$189	\$195	\$202	\$210	\$219	\$229
2.4.25 Senior Citizens Centers	\$45	\$47	\$48	\$50	\$52	\$55
2.4.26 Blind Services Foundation, Inc.	\$8	\$8	\$8	\$9	\$9	\$9
2.4.27 Advocates for Survivors of Domestic Violence and Sexual Assault	\$10	\$10	\$10	\$11	\$11	\$12
2.4.28 Free Dental Clinics	\$11	\$11	\$12	\$12	\$13	\$13
2.4.29 Museums	\$206	\$213	\$221	\$229	\$239	\$250

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 reductions from the tax that are expressed either as a percentage of some qualifying amount or as a lump sum. Some credits are refundable, meaning that they can exceed the taxpayer's tax liability and actually lead to a refund. Other credits are nonrefundable; 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. For example, the state's investment tax credit from a qualified purchase can be carried forward up to 14 years.

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, reduced 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 to include part-year residents. 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; North Idaho Children's Home; Idaho Youth Ranch; 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.; Shepherd's Home, Inc.; Project Safe Place; 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 commission for libraries; 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 (now Idaho commission for libraries) was added in 1998. University-related research parks were added in 1999. Qualifying charitable 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. The grocery tax credit is prorated for SNAP 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.

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 to replace wood stoves in taxpayers' residences that do not meet environmental protection agency certification requirements. 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 Department of Environmental Quality.

1.1.11 Insulation Deduction *Idaho Code 63-3022B*

Description: This deduction is for the cost of insulation installed in residences that “existed” as of January 1, 2002 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.

History: Enacted in 1976 for buildings existing as of January 1, 1976. Amended in 2012 to include residences existing as of January 1, 2002.

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 \$10,000 per taxpayer each year. (Each spouse is counted as a taxpayer on joint returns.) Other restrictions apply.

History: This deduction was enacted in 1994 as Title 41, Chapter 53. It was amended in 1995 to eliminate a restriction to high-deductible insurance policies, eliminate administrative responsibilities from the depository institution, and allow taxpayer funded accounts to qualify. Also, it was moved to 63-3022K in 1995. The maximum deduction was raised to \$10,000 per taxpayer in 2014. The previous cap was \$2,000 per taxpayer.

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 6% of a new employee's gross annual wages. Standard-rated employers get a refundable tax credit equal to 4% of a new employee's gross annual wages. Deficit-rated employers receive a refundable tax credit equal to 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. The credit expired 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: Effective January 1, 1998 through 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 may be sold 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.

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 through 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 through 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 through 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 expired December 31, 2011.

1.1.33 Special Job Credit *Idaho Code 63-3029EE*

Description: For the period prior to April 14, 2011, a \$1,000 credit is granted for each new employee who was paid an average of \$15.50 per hour during the calendar year and was eligible to receive employer-provided accident or health insurance. A \$500 credit is available for each new employee in a business involved in manufacturing or processing any natural resource product. Businesses must choose between credits, since only one type of credit per new job can be used. The amount of credit that can

be claimed in any one tax year is limited (along with most other credits) to 50% of the tax otherwise imposed and may not exceed 3.25% of the taxpayer's net income. Unused credits may be carried forward up to three years.

History: Effective January 1, 2011 to December 31, 2016.

1.1.34 Reimbursement Incentive Credit *Idaho Code 67-4737*

Description: A refundable income tax credit of up to 30% for up to 15 years on new corporate business income tax (from corporations, pass through entities and proprietorships), sales and use tax, and personal income tax withheld from employees paid as a result of a qualifying project. The actual tax credit percentage and project term is negotiated by the Director of the Idaho Department of Commerce based upon the quality of jobs created, regional economic impact, and return on investment for Idaho, subject to the approval of the Idaho Economic Advisory Council. The Governor may suspend the issuance of new credits if a holdback is issued. However, all credits set prior to any holdback will be honored by the state.

History: Effective July 1, 2014.

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 the interest earned on federal government securities. 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) US civil service retirement system; b) fireman's retirement fund of Idaho; c) policeman's retirement fund of a city within Idaho; and d) US 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 Idaho 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 100% exclusion. Amended in 1997 to limit the income exclusion to prizes of less than \$600 starting on January 1, 1998. Amended in 1998 to restrict the exclusion to Idaho State Lottery winnings.

1.2.07 Indian Earnings on Reservation Exclusion *Idaho Code 63-3022S*

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

History: This exclusion is the result of various treaties and case law. Codified in 2014 and is retroactive to January 1, 2013.

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

Description: Amounts paid to individuals from the US 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. Since 2003 the federal standard deduction for joint filers has been twice the standard deduction for single filers.

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.

1.2.10 Certain Loss Recoveries Deduction *Idaho Code 63-3022R*

Description: A deduction is allowed in the amount equal to the amount of the loss recovery if no deduction for the loss was claimed on a prior return.

History: Enacted in 2013.

1.2.11 Nonresident Guaranteed Partnership Income Exclusion *Idaho Code 63-3026A(3)(a)(i)*

Description: Guaranteed payments to nonresident, retired partners that are sourced to the taxpayers' domiciles are excluded from Idaho taxable income. Up to \$250,000 of the guaranteed payments made to each nonresident partner are sourced as compensation for services. The amount of the guaranteed payment in excess of \$250,000 is sourced to Idaho based upon the partnership's apportionment factor. The \$250,000 threshold is adjusted annually for inflation.

History: Enacted in 2013.

SALES AND USE TAX DETAIL

The following sales tax expenditures can be divided into four broad categories: 2.1.01 through 2.1.33 cover sales tax expenditures that are related to the specific uses of goods and services; 2.2.01 through 2.2.16 cover sales tax expenditures that are related to specific goods; 2.3.01 through 2.3.16 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; 63-3622JJ*

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, or literature.

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, or literature.

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).

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).

2.1.07 Commercial Aircraft *Idaho Code 63-3622GG*

Description: Exempts aircraft purchased for commercial transport of passengers or freight. This exemption was expanded in 2012 to include parts used in nonresident, private aircraft.

History: Enacted in 1988. Amended in 1994 to add any aircraft that are for use outside Idaho. Amended in 2012. Sunsets on June 30, 2016.

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 when registered in the international registration plan, as well as their trailers, when miles accumulated by the fleet outside of Idaho are minimally 10% of the total fleet miles in any annual registration period.

Failure to meet the mileage requirement in any annual registration period invalidates the exemption and results in a tax liability based on the fair market value of the vehicles at the end of the nonconforming period.

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). 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 SNAP/WIC *Idaho Code 63-3622EE; 63-3622FF*

Description: Exempts goods purchased with WIC checks and federal SNAP.

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.

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, snowgroomers, 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 sunset on 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 through 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.

2.1.32 Beverage and Food Samples *Idaho Code 63-3621(n)*

Description: Exempts beverages including, wine and beer, and food if given as a free tasting to a potential customer.

History: Enacted in 2012. Expanded in 2013 to exempt food samples offered to shoppers.

2.1.33 Beverage and Food Donations *Idaho Code 63-3621(o)*

Description: Exempts beverages and food donated to individuals or nonprofit organizations.

History: Enacted in 2014.

2.2.01 Motor Fuels *Idaho Code 63-3622C*

Description: Exempts on-road use of motor fuels subject to motor fuels tax and 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 US 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.

2.2.16 Remotely-Accessed Computer Software *Idaho Code 63-3616(b)*

Description: Certain computer software are not tangible personal property by definition and therefore not subject to the Idaho sales tax. They are: custom computer programs; computer software that is delivered electronically; remotely accessed computer software; and a vendor's computer software that is delivered by the load and leave method. All other software products are subject to the sales tax including digital music, digital books, digital videos, and digital games which are tangible personal property regardless of access or delivery method.

History: Enacted in 2014.

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 per 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 under 63-3612. In 63-3609(a) 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.”

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. Exceptions (i.e., taxable transportation charges) include transportation of manufactured homes by the dealer and the cost of transportation prior to the sale. NAICS major groups 481 through 492 are included in this category.

History: Transportation services have generally been exempt since the enactment of the 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, photofinishing laboratories, 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 63-3622O(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 63-3622O(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 63-3622O(1)(a)*

Description: Exempts all purchases by certain specified “health-related entities.” The list consists of the following: Idaho Cystic Fibrosis Foundation, Idaho Epilepsy League, Idaho Lung Association, March of Dimes, American Cancer Society, Camp Rainbow Gold, 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, Idaho Diabetes Youth Program, 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 63-3622O(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 63-3622O(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 under the Idaho Forestry Act (38-1).

History: Enacted in 1979.

2.4.06 Food Bank Purchases *Idaho Code 63-3622O(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 that furnishes food or food products to others without charge.

History: Enacted in 1991.

2.4.07 Nonsale Clothier Purchases *Idaho Code 63-3622O(1)(d)*

Description: Exempts donations or sales of clothes to nonsale clothiers. Nonsale clothiers are defined as any nonprofit corporation or association that provides clothes to others without charge.

History: Enacted in 1992.

2.4.08 Centers for Independent Living *Idaho Code 63-3622O(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 63-3622O(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 63-3622O(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 a 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 US 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 63-3622O(1)(g)*

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

History: Enacted in 2002.

2.4.25 Senior Citizens Centers *Idaho Code 63-3622O(1)(h)*

Description: Exempts purchases by senior citizen centers.

History: Enacted in 2002.

2.4.26 Blind Services Foundation, Inc. *Idaho Code 63-3622O(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 63-3622O(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 63-3622O(1)(k)*

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

History: Enacted in 2006

2.4.29 Museums *Idaho Code 63-3622O(1)(l)*

Description: Exempts purchases by and admissions to nonprofit museums.

History: Enacted in 2006

CROSS REFERENCE TABLE
In General Fund Revenue Book Order

	Title	Idaho Code
1.1.01	Investment Tax Credit	63-3029B
1.1.02	Other States Tax Credit	63-3029
1.1.03	Elderly Dependent Credit	63-3025D
1.1.04	Youth and Rehabilitation Credit	63-3029C
1.1.05	Schools, Libraries, and Museums Credit	63-3029A
1.1.06	Grocery Credit	63-3024A
1.1.07	Recycling Equipment Credit	63-3029D
1.1.08	Technological Equipment Deduction	63-3022J
1.1.09	Long-Term Care Insurance Deduction	63-3022Q
1.1.10	Alternative Energy Device Deduction	63-3022C
1.1.11	Insulation Deduction	63-3022B
1.1.12	Workers' Compensation Premium Deduction	63-3022(m)
1.1.13	Child Care Deduction	63-3022D
1.1.14	College Savings Deduction	63-3022(n)
1.1.15	Health Insurance Deduction	63-3022P
1.1.16	Elderly and Developmental Disability Deduction	63-3022E
1.1.17	Adoption Expense Deduction	63-3022I
1.1.18	Medical Savings Account Deduction	63-3022K
1.1.19	New Employees Credit	63-3029F
1.1.20	Riparian Land Improvements Credit	63-3024B
1.1.21	Broadband Investment Credit	63-3029I
1.1.22	County Incentive Investment Tax Credit	63-3029J
1.1.23	Research Activity Credit	63-3029G
1.1.24	Promoter Sponsored Events Credit	63-3620C(3)(b)
1.1.25	Corporate Headquarters Investment Credit	63-2903
1.1.26	Corporate Headquarters Real Property Improvement Credit	63-2904
1.1.27	Corporate Headquarters New Jobs Credit	63-2905
1.1.28	Small Employer Capital Investment Credit	63-4403
1.1.29	Small Employer Real Property Improvement Credit	63-4404
1.1.30	Small Employer New Jobs Credit	63-4405
1.1.31	Live Organ Donation Expenses Credit	63-3029K
1.1.32	Biofuel Investment Tax Credit	63-3029M
1.1.33	Special Job Credit	63-3029EE
1.1.34	Reimbursement Incentive Credit	67-4737
1.2.01	Capital Gains Exclusion	63-3022H
1.2.02	Government Interest Exclusion	63-3022M
1.2.03	Social Security Exclusion	63-3022(l)
1.2.04	Railroad Retirement Exclusion	63-3022(l)
1.2.05	Retirement Benefit Exclusion	63-3022A
1.2.06	Idaho Lottery Winnings Exclusion	67-7439
1.2.07	Indian Earnings on Reservation Exclusion	63-3022S
1.2.08	World War II Reparations Exclusion	63-3022G
1.2.09	Marriage Penalty Deduction	63-3022N
1.2.10	Certain Loss Recoveries Deduction	63-3022R

	Title	Idaho Code
1.2.11	Nonresident Guaranteed Partnership Income Exclusion	63-3026A(3)(a)(i)
2.1.01	Production Exemption - Equipment	63-3622D 63-3622JJ
2.1.02	Production Exemption - Supplies	63-3622D 63-3622JJ
2.1.03	Irrigation Equipment and Supplies	63-3622W
2.1.04	Pollution Control Equipment	63-3622X
2.1.05	Broadcast Equipment and Supplies	63-3622S
2.1.06	Publishing Equipment and Supplies	63-3622T
2.1.07	Commercial Aircraft	63-3622GG
2.1.08	Railroad Rolling Stock and Remanufacturing	63-3622CC 63-3622DD
2.1.09	Interstate Trucks	63-3622R(c)
2.1.10	Out-of-State Contracts	63-3622B
2.1.11	Trade-in Value	63-3613(b)2
2.1.12	Sale or Lease of Businesses or Business Assets	63-3622K(b)(2-5)
2.1.13	SNAP/WIC	63-3622EE 63-3622FF
2.1.14	Motor Vehicles Used Outside of Idaho	63-3622R(a)
2.1.15	Common Carrier Purchases and Out-of-State Sales	63-3622Q 63-3622P
2.1.16	Donations of Real Property to Idaho Government	63-3621(m)
2.1.17	Incidental Sales of Tangible Personal Property	63-3609
2.1.18	Lodging, Eating, and Drinking Places	63-3612
2.1.19	School Lunches and Senior Citizen Meals	63-3622J
2.1.20	Drivers Education Automobiles	63-3622R(e)
2.1.21	Ski Lifts and Snowgrooming Equipment	63-3622Y
2.1.22	Clean Rooms	63-3622NN
2.1.23	Alternative Electricity-Producing Equipment	63-3622QQ
2.1.24	Research and Development Equipment	63-3622RR
2.1.25	Corporate Headquarters Construction	63-2908
2.1.26	Small Employer Headquarters Construction	63-4408
2.1.27	Glider Kit Vehicles	63-3622R(d)
2.1.28	Media Production Projects	63-3622TT
2.1.29	State Tax Anticipation Revenue	63-3641
2.1.30	Motor Vehicles of Nonresident Students	63-3621(k)
2.1.31	Personal Property of Military Personnel	63-3621(l)
2.1.32	Beverage and Food Samples	63-3621(n)
2.1.33	Beverage and Food Donations	63-3621(o)
2.2.01	Motor Fuels	63-3622C
2.2.02	Heating Materials	63-3622G
2.2.03	Utility Sales	63-3622F
2.2.04	Used Mobile Homes	63-3622R(b)
2.2.05	Vending Machines and Amusement Devices	63-3622II
2.2.06	Prescriptions and Durable Medical Equipment	63-3622N
2.2.07	Funeral Caskets	63-3622U
2.2.08	Containers	63-3622E
2.2.09	Nonprofit Literature	63-3622I

	Title	Idaho Code
2.2.10	Official Documents	63-3622AA
2.2.11	Precious Metal Bullion	63-3622V
2.2.12	Idaho Commemorative Silver Medallions	63-3622PP
2.2.13	New Manufactured Homes or Modular Buildings	63-3613(c)
2.2.14	Telecommunications Equipment	63-3613(b)10 63-3621(a)
2.2.15	Personal Property Tax on Rentals	63-3622UU
2.2.16	Remotely-Accessed Computer Software	63-3616(b)
2.3.01	Construction	63-3609
2.3.02	Agricultural and Industrial Services	
2.3.03	Transportation Services	63-3613(b)7
2.3.04	Information Services	
2.3.05	Repairs	63-3613(b)4
2.3.06	Professional Services	
2.3.07	Business Services	
2.3.08	Personal Services	
2.3.09	Health and Medical Services	
2.3.10	Social Services	
2.3.11	Educational Services	
2.3.12	Lottery Tickets and Pari-Mutuel Betting	67-7439
2.3.13	Media Measurement Services	63-3622LL
2.3.14	Miscellaneous Services	
2.3.15	Nonprofit Shooting Range Fees	63-3622SS
2.3.16	Gratuities for Meals	63-3613(f)
2.4.01	Educational Institution Purchases	63-3622O(1)(a), 33-5204
2.4.02	Hospital Purchases	63-3622O(1)(a)
2.4.03	Health Entity Purchases	63-3622O(1)(a)
2.4.04	Canal Company Purchases	63-3622O(1)(a)
2.4.05	Forest Protective Association Purchases	63-3622O(1)(a)
2.4.06	Food Bank Purchases	63-3622O(1)(b,c)
2.4.07	Nonsale Clothier Purchases	63-3622O(1)(d)
2.4.08	Centers for Independent Living	63-3622O(1)(e)
2.4.09	State of Idaho and Local Government Purchases	63-3622O(1)(f)
2.4.10	Ronald McDonald House Rooms	63-3622O(5)
2.4.11	INL Research and Development Purchases	63-3622BB
2.4.12	Motor Vehicle Purchases by Family Members	63-3622K(c)
2.4.13	Sales by 4-H and FFA Clubs at Fairs	63-3622K(b)7
2.4.14	Sales by Nonretailers (Yard and Occasional Sales)	63-3622K(b)(1,6,8)
2.4.15	Sales by Indian Tribes on Reservations	63-3622Z
2.4.16	Sales of Meals by Churches to Members	63-3622J
2.4.17	Sales by Outfitters and Guides	63-3613(b)9
2.4.18	Sales Through Vending Machines	63-3613(e)
2.4.19	Auto Manufacturer Rebates	63-3613(b)8
2.4.20	Incidental Sales by Churches	63-3622KK
2.4.21	Federal Excise Tax Imposed at Retail Level	63-3613(b)5
2.4.22	Federal Constitutional Prohibitions	63-3622A
2.4.23	Other Federal and State Statutory Prohibitions	Various
2.4.24	Volunteer Fire Departments and Emergency Medical Service Agencies	63-3622O(1)(g)

	Title	Idaho Code
2.4.25	Senior Citizens Centers	63-3622O(1)(h)
2.4.26	Blind Services Foundation, Inc.	63-3622O(1)(i)
2.4.27	Advocates for Survivors of Domestic Violence and Sexual Assault	63-3622O(1)(j)
2.4.28	Free Dental Clinics	63-3622O(1)(k)
2.4.29	Museums	63-3622O(1)(l)

CROSS REFERENCE TABLE

In Idaho Code Order

Idaho Code		Title
33-5204	2.4.01	Educational Institution Purchases
63-2903	1.1.25	Corporate Headquarters Investment Credit
63-2904	1.1.26	Corporate Headquarters Real Property Improvement Credit
63-2905	1.1.27	Corporate Headquarters New Jobs Credit
63-2908	2.1.25	Corporate Headquarters Construction
63-3022(l)	1.2.03	Social Security Exclusion
	1.2.04	Railroad Retirement Exclusion
63-3022(m)	1.1.12	Workers' Compensation Premium Deduction
63-3022(n)	1.1.14	College Savings Deduction
63-3022A	1.2.05	Retirement Benefit Exclusion
63-3022B	1.1.11	Insulation Deduction
63-3022C	1.1.10	Alternative Energy Device Deduction
63-3022D	1.1.13	Child Care Deduction
63-3022E	1.1.16	Elderly and Developmental Disability Deduction
63-3022G	1.2.08	World War II Reparations Exclusion
63-3022H	1.2.01	Capital Gains Exclusion
63-3022I	1.1.17	Adoption Expense Deduction
63-3022J	1.1.08	Technological Equipment Deduction
63-3022K	1.1.18	Medical Savings Account Deduction
63-3022M	1.2.02	Government Interest Exclusion
63-3022N	1.2.09	Marriage Penalty Deduction
63-3022P	1.1.15	Health Insurance Deduction
63-3022Q	1.1.09	Long-Term Care Insurance Deduction
63-3022R	1.2.10	Certain Loss Recoveries Deduction
63-3022S	1.2.07	Indian Earnings on Reservation Exclusion
63-3024A	1.1.06	Grocery Credit
63-3024B	1.1.20	Riparian Land Improvements Credit
63-3025D	1.1.03	Elderly Dependent Credit
63-3026A(3)(a)(i)	1.2.11	Nonresident Guaranteed Partnership Income Exclusion
63-3029	1.1.02	Other States Tax Credit
63-3029A	1.1.05	Schools, Libraries, and Museums Credit
63-3029B	1.1.01	Investment Tax Credit
63-3029C	1.1.04	Youth and Rehabilitation Credit
63-3029D	1.1.07	Recycling Equipment Credit
63-3029EE	1.1.33	Special Job Credit
63-3029F	1.1.19	New Employees Credit
63-3029G	1.1.23	Research Activity Credit
63-3029I	1.1.21	Broadband Investment Credit
63-3029J	1.1.22	County Incentive Investment Tax Credit
63-3029K	1.1.31	Live Organ Donation Expenses Credit
63-3029M	1.1.32	Biofuel Investment Tax Credit
63-3609	2.1.17	Incidental Sales of Tangible Personal Property
	2.3.01	Construction
63-3612	2.1.18	Lodging, Eating, and Drinking Places

Idaho Code		Title
63-3613(b)2	2.1.11	Trade-in Value
63-3613(b)4	2.3.05	Repairs
63-3613(b)5	2.4.21	Federal Excise Tax Imposed at Retail Level
63-3613(b)7	2.3.03	Transportation Services
63-3613(b)8	2.4.19	Auto Manufacturer Rebates
63-3613(b)9	2.4.17	Sales by Outfitters and Guides
63-3613(b)10	2.2.14	Telecommunications Equipment
63-3613(c)	2.2.13	New Manufactured Homes or Modular Buildings
63-3613(e)	2.4.18	Sales Through Vending Machines
63-3613(f)	2.3.16	Gratuities for Meals
63-3616(b)	2.2.16	Remotely-Accessed Computer Software
63-3620C(3)(b)	1.1.24	Promoter Sponsored Events Credit
63-3621(a)	2.2.14	Telecommunications Equipment
63-3621(k)	2.1.30	Motor Vehicles of Nonresident Students
63-3621(l)	2.1.31	Personal Property of Military Personnel
63-3621(m)	2.1.16	Donations of Real Property to Idaho Government
63-3621(n)	2.1.32	Beverage and Food Samples
63-3621(o)	2.1.33	Beverage and Food Donations
63-3622A	2.4.22	Federal Constitutional Prohibitions
63-3622AA	2.2.10	Official Documents
63-3622B	2.1.10	Out-of-State Contracts
63-3622BB	2.4.11	INL Research and Development Purchases
63-3622C	2.2.01	Motor Fuels
63-3622CC	2.1.08	Railroad Rolling Stock and Remanufacturing
63-3622D	2.1.01	Production Exemption - Equipment
	2.1.02	Production Exemption - Supplies
63-3622DD	2.1.08	Railroad Rolling Stock and Remanufacturing
63-3622E	2.2.08	Containers
63-3622EE	2.1.13	SNAP/WIC
63-3622F	2.2.03	Utility Sales
63-3622FF	2.1.13	SNAP/WIC
63-3622G	2.2.02	Heating Materials
63-3622GG	2.1.07	Commercial Aircraft
63-3622I	2.2.09	Nonprofit Literature
63-3622II	2.2.05	Vending Machines and Amusement Devices
63-3622J	2.1.19	School Lunches and Senior Citizen Meals
	2.4.16	Sales of Meals by Churches to Members
63-3622JJ	2.1.01	Production Exemption - Equipment
	2.1.02	Production Exemption - Supplies
63-3622K(b)(1,6,8)	2.4.14	Sales by Nonretailers (Yard and Occasional Sales)
63-3622K(b)(2-5)	2.1.12	Sale or Lease of Businesses or Business Assets
63-3622K(b)7	2.4.13	Sales by 4-H and FFA Clubs at Fairs
63-3622K(c)	2.4.12	Motor Vehicle Purchases by Family Members
63-3622KK	2.4.20	Incidental Sales by Churches
63-3622LL	2.3.13	Media Measurement Services
63-3622N	2.2.06	Prescriptions and Durable Medical Equipment
63-3622NN	2.1.22	Clean Rooms

Idaho Code		Title
63-3622O(1)(a)	2.4.01	Educational Institution Purchases
	2.4.02	Hospital Purchases Health
	2.4.03	Entity Purchases Canal
	2.4.04	Company Purchases
	2.4.05	Forest Protective Association Purchases
63-3622O(1)(b,c)	2.4.06	Food Bank Purchases
63-3622O(1)(d)	2.4.07	Nonsale Clothier Purchases
63-3622O(1)(e)	2.4.08	Centers for Independent Living
63-3622O(1)(f)	2.4.09	State of Idaho and Local Government Purchases
63-3622O(1)(g)	2.4.24	Volunteer Fire Departments and Emergency Medical Service Agencies
63-3622O(1)(h)	2.4.25	Senior Citizens Centers
63-3622O(1)(i)	2.4.26	Blind Services Foundation, Inc.
63-3622O(1)(j)	2.4.27	Advocates for Survivors of Domestic Violence and Sexual Assault
63-3622O(1)(k)	2.4.28	Free Dental Clinics
63-3622O(1)(l)	2.4.29	Museums
63-3622O(5)	2.4.10	Ronald McDonald House Rooms
63-3622P	2.1.15	Common Carrier Purchases and Out-of-State Sales
63-3622PP	2.2.12	Idaho Commemorative Silver Medallions
63-3622Q	2.1.15	Common Carrier Purchases and Out-of-State Sales
63-3622QQ	2.1.23	Alternative Electricity-Producing Equipment
63-3622R(a)	2.1.14	Motor Vehicles Used Outside of Idaho
63-3622R(b)	2.2.04	Used Mobile Homes
63-3622R(c)	2.1.09	Interstate Trucks
63-3622R(d)	2.1.27	Glider Kit Vehicles
63-3622R(e)	2.1.20	Drivers Education Automobiles
63-3622RR	2.1.24	Research and Development Equipment
63-3622S	2.1.05	Broadcast Equipment and Supplies
63-3622SS	2.3.15	Nonprofit Shooting Range Fees
63-3622T	2.1.06	Publishing Equipment and Supplies
63-3622TT	2.1.28	Media Production Projects
63-3622U	2.2.07	Funeral Caskets
63-3622UU	2.2.15	Personal Property Tax on Rentals
63-3622V	2.2.11	Precious Metal Bullion
63-3622W	2.1.03	Irrigation Equipment and Supplies
63-3622X	2.1.04	Pollution Control Equipment
63-3622Y	2.1.21	Ski Lifts and Snowgrooming Equipment
63-3622Z	2.4.15	Sales by Indian Tribes on Reservations
63-3641	2.1.29	State Tax Anticipation Revenue
63-4403	1.1.28	Small Employer Capital Investment Credit
63-4404	1.1.29	Small Employer Real Property Improvement Credit
63-4405	1.1.30	Small Employer New Jobs Credit
63-4408	2.1.26	Small Employer Headquarters Construction
67-4737	1.1.34	Reimbursement Incentive Credit
67-7439	1.2.06	Idaho Lottery Winnings Exclusion
	2.3.12	Lottery Tickets and Pari-Mutuel Betting