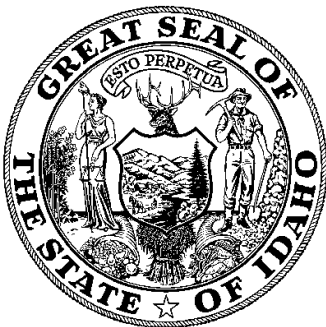


General Fund Revenue Book

- Economic Forecast
- Revenue Projections
- Tax Structure

Fiscal Year 2018

July 1, 2017 - June 30, 2018



Handwritten signature of C.L. "Butch" Otter

C.L. "Butch" Otter, Governor

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

General Fund Revenue Book

**FY 2018 Executive Budget
January 2017**

- Economic Forecast
- Revenue Projections
- Tax Structure

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

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INTRODUCTION

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

Although the revenue model is specified in precise quantitative terms, two levels of uncertainty exist. The first of these uncertainties is associated with the statistical process itself and hence may be reduced to probabilities and confidence intervals. The other is related to the uncertainties associated with unknown future events. Weather effects on agriculture are a classic example. A forecast of agricultural production must either assume average weather or project some specific future weather condition. The forecast 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.

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Idaho Economic Forecast

The following tables and text are taken from the

January 2017 *Idaho Economic Forecast*,

a publication produced by the

Idaho Division of Financial Management.

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EXECUTIVE SUMMARY

This forecast does not include quantitative values for the proposed policy changes by the incoming national administration and Congress.

According to the forecast, nominal personal income should have grown 3.0% for 2016 in Idaho, and 2017 should see this advance another 4.4%. Taking inflation into account, these advances are pared to 1.9% and 2.6%, respectively. Nonfarm proprietors should close 2016 with \$6.7 billion in income, while farm proprietors' incomes should total \$1.0 billion. Nonfarm employment advanced in 2016, with an expected final reading of 3.1%, but this is projected to record a more gradual 1.8% advance in 2017, then 1.9% in 2018, 2.0% in 2019, and 1.8% in 2020. Meanwhile, Idaho's population is expected to grow 1.4–1.5% per year throughout the forecast. Idaho saw nearly 12,800 housing starts in 2016, and 2017 should bring this to nearly 14,300, but they are likely to level off at 14,800 starts through the remainder of the forecast. Construction activity is spread through the state and through the economy. Retail trade, the main-street face of the economy, should grow from just under 85,000 jobs to more than 92,000 jobs by 2020, while wholesale trade employment should see a more modest 1,400-count expansion to 30,000 jobs by 2020. The service super-sector should see relatively stable job growth, advancing 2.7% on average each year of the forecast. Of course, the economy has a variety of trajectories: food processing continues to expand; mining employment in Idaho is expected to be fairly stationary, belying the mergers and acquisitions tumult at the corporate level; and government employment remains steady despite the state population growing more briskly than the nation. Altogether, though, the Idaho economy grows from 694,000 nonfarm jobs in 2016, through 720,000 jobs in 2018, and on to 747,000 jobs by 2020.

A preliminary measurement of 2.9% for real annualized GDP growth in the third quarter was replaced by a first revision of 3.2% before rising to 3.5% for the final reading, and this progression is a synopsis of the strength of the US economy in 2016. Going forward, per capita real consumer spending advances 1.6% on average until 2020 while real per capita disposable income advances 1.8% per year on average. Viewed from the lens of the Federal Reserve, the US economy has achieved full employment, so the Fed is resuming its monetary tightening in order to stay ahead of inflation. As measured by the consumer price index, core inflation is seen going forward at 2.2–2.3% throughout the forecast. Drilling in US energy fields appears to have turned the corner as energy prices have drifted higher in the second half of 2016. A development to watch is the impact of the strong dollar (at a 14-year high in value) on imports and exports. The important housing sector of the US economy is unlikely to be impacted in either direction by policies promulgated by the incoming President or by Congress. Nationally, nonfarm employment is projected to continue to advance, though gradually, averaging just a bit over 1.0% growth per year while the unemployment rate is expected to bottom out at an annual 4.6% in 2018–2019, a rate achieved for November 2016.

IDAHO ECONOMIC FORECAST
EXECUTIVE SUMMARY
JANUARY 2017

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
U.S. GDP (BILLIONS)											
Current \$	14,964	15,518	16,155	16,692	17,393	18,037	18,564	19,408	20,274	21,144	22,024
% Ch	3.8%	3.7%	4.1%	3.3%	4.2%	3.7%	2.9%	4.5%	4.5%	4.3%	4.2%
2009 Chain-Weighted	14,784	15,021	15,355	15,612	15,982	16,397	16,649	17,016	17,388	17,762	18,126
% Ch	2.5%	1.6%	2.2%	1.7%	2.4%	2.6%	1.5%	2.2%	2.2%	2.2%	2.0%
PERSONAL INCOME - CURR \$											
Idaho (Millions)	49,842	52,745	55,370	57,581	60,738	63,535	65,464	68,313	71,655	75,328	79,141
% Ch	2.0%	5.8%	5.0%	4.0%	5.5%	4.6%	3.0%	4.4%	4.9%	5.1%	5.1%
Idaho Nonfarm (Millions)	48,361	50,637	53,268	55,241	58,249	61,287	63,741	66,542	69,807	73,450	77,200
% Ch	1.2%	4.7%	5.2%	3.7%	5.4%	5.2%	4.0%	4.4%	4.9%	5.2%	5.1%
U.S. (Billions)	12,477	13,255	13,915	14,074	14,810	15,459	15,971	16,665	17,484	18,352	19,230
% Ch	3.2%	6.2%	5.0%	1.1%	5.2%	4.4%	3.3%	4.3%	4.9%	5.0%	4.8%
PERSONAL INCOME - 2009 \$											
Idaho (Millions)	49,030	50,643	52,173	53,547	55,644	58,005	59,118	60,629	62,399	64,304	66,181
% Ch	0.3%	3.3%	3.0%	2.6%	3.9%	4.2%	1.9%	2.6%	2.9%	3.1%	2.9%
Idaho Nonfarm (Millions)	47,573	48,619	50,192	51,370	53,364	55,952	57,563	59,058	60,790	62,700	64,557
% Ch	-0.4%	2.2%	3.2%	2.3%	3.9%	4.9%	2.9%	2.6%	2.9%	3.1%	3.0%
U.S. (Billions)	12,274	12,726	13,112	13,088	13,568	14,113	14,423	14,791	15,226	15,666	16,081
% Ch	1.5%	3.7%	3.0%	-0.2%	3.7%	4.0%	2.2%	2.5%	2.9%	2.9%	2.6%
HOUSING STARTS											
Idaho	5,187	4,563	7,131	9,062	9,808	10,304	12,752	14,279	14,765	14,858	14,809
% Ch	-9.5%	-12.0%	56.3%	27.1%	8.2%	5.1%	23.8%	12.0%	3.4%	0.6%	-0.3%
U.S. (Millions)	0.586	0.612	0.784	0.928	1.001	1.108	1.152	1.226	1.320	1.390	1.454
% Ch	5.7%	4.5%	28.1%	18.4%	7.8%	10.7%	3.9%	6.4%	7.7%	5.3%	4.6%
TOTAL NONFARM EMPLOYMENT											
Idaho	603,700	610,759	622,299	638,122	654,340	672,473	693,645	706,352	719,564	733,663	747,085
% Ch	-1.0%	1.2%	1.9%	2.5%	2.5%	2.8%	3.1%	1.8%	1.9%	2.0%	1.8%
U.S. (Thousands)	130,353	131,941	134,173	136,381	138,939	141,833	144,308	146,073	147,369	148,851	150,189
% Ch	-0.7%	1.2%	1.7%	1.6%	1.9%	2.1%	1.7%	1.2%	0.9%	1.0%	0.9%
SELECTED INTEREST RATES											
Federal Funds	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.4%	0.8%	1.5%	2.4%	2.8%
Bank Prime	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.5%	3.8%	4.5%	5.4%	5.8%
Existing Home Mortgage	4.9%	4.7%	3.8%	4.0%	4.3%	4.0%	3.9%	4.1%	4.8%	5.6%	5.8%
INFLATION											
GDP Price Deflator	1.2%	2.1%	1.8%	1.6%	1.8%	1.1%	1.4%	2.3%	2.2%	2.1%	2.1%
Personal Cons Deflator	1.7%	2.5%	1.9%	1.3%	1.5%	0.3%	1.1%	1.8%	1.9%	2.0%	2.1%
Consumer Price Index	1.6%	3.1%	2.1%	1.5%	1.6%	0.1%	1.3%	2.5%	2.5%	2.4%	2.5%

National Variables Forecast by IHS Economics
Forecast Begins the Third Quarter of 2016

IDAHO ECONOMIC FORECAST

EXECUTIVE SUMMARY

JANUARY 2017

	2016				2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
U.S. GDP (BILLIONS)												
Current \$	18,282	18,450	18,651	18,874	19,087	19,297	19,522	19,726	19,949	20,167	20,384	20,597
% Ch	1.3%	3.7%	4.4%	4.9%	4.6%	4.5%	4.7%	4.2%	4.6%	4.5%	4.4%	4.2%
2009 Chain-Weighted	16,525	16,583	16,702	16,788	16,881	16,971	17,063	17,148	17,248	17,341	17,436	17,527
% Ch	0.8%	1.4%	2.9%	2.1%	2.3%	2.1%	2.2%	2.0%	2.3%	2.2%	2.2%	2.1%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	64,249	65,093	66,028	66,483	67,310	67,787	68,635	69,518	70,378	71,134	72,100	73,006
% Ch	0.1%	5.4%	5.9%	2.8%	5.1%	2.9%	5.1%	5.2%	5.0%	4.4%	5.5%	5.1%
Idaho Nonfarm (Millions)	62,602	63,315	64,210	64,839	65,512	66,215	66,858	67,585	68,529	69,376	70,222	71,100
% Ch	2.8%	4.6%	5.8%	4.0%	4.2%	4.4%	3.9%	4.4%	5.7%	5.0%	5.0%	5.1%
U.S. (Billions)	15,740	15,893	16,047	16,203	16,381	16,573	16,758	16,947	17,174	17,382	17,586	17,796
% Ch	1.3%	3.9%	3.9%	3.9%	4.5%	4.8%	4.5%	4.6%	5.4%	4.9%	4.8%	4.9%
PERSONAL INCOME - 2009 \$												
Idaho (Millions)	58,425	58,898	59,529	59,620	60,170	60,327	60,750	61,271	61,765	62,095	62,625	63,112
% Ch	-0.2%	3.3%	4.4%	0.6%	3.7%	1.0%	2.8%	3.5%	3.3%	2.2%	3.5%	3.1%
Idaho Nonfarm (Millions)	56,927	57,289	57,890	58,145	58,563	58,928	59,176	59,567	60,142	60,560	60,994	61,464
% Ch	2.5%	2.6%	4.3%	1.8%	2.9%	2.5%	1.7%	2.7%	3.9%	2.8%	2.9%	3.1%
U.S. (Billions)	14,313	14,381	14,467	14,530	14,644	14,749	14,833	14,937	15,072	15,173	15,275	15,384
% Ch	1.0%	1.9%	2.4%	1.8%	3.2%	2.9%	2.3%	2.8%	3.7%	2.7%	2.7%	2.9%
HOUSING STARTS												
Idaho	12,156	12,182	13,019	13,652	13,710	14,095	14,531	14,781	14,610	14,684	14,814	14,953
% Ch	83.1%	0.8%	30.5%	20.9%	1.7%	11.7%	13.0%	7.1%	-4.6%	2.0%	3.6%	3.8%
U.S. (Millions)	1.151	1.159	1.138	1.158	1.180	1.212	1.242	1.270	1.291	1.310	1.329	1.350
% Ch	6.0%	2.8%	-7.1%	7.0%	7.9%	11.3%	10.3%	9.2%	6.8%	6.2%	5.9%	6.3%
TOTAL NONFARM EMPLOYMENT												
Idaho	688,279	691,901	695,466	698,937	701,794	705,052	707,792	710,771	714,490	717,845	721,225	724,694
% Ch	5.7%	2.1%	2.1%	2.0%	1.6%	1.9%	1.6%	1.7%	2.1%	1.9%	1.9%	1.9%
U.S. (Thousands)	143,531	143,983	144,605	145,114	145,583	145,923	146,246	146,540	146,828	147,167	147,549	147,934
% Ch	1.9%	1.3%	1.7%	1.4%	1.3%	0.9%	0.9%	0.8%	0.8%	0.9%	1.0%	1.0%
SELECTED INTEREST RATES												
Federal Funds	0.4%	0.4%	0.4%	0.5%	0.7%	0.7%	0.8%	1.0%	1.3%	1.3%	1.5%	1.8%
Bank Prime	3.5%	3.5%	3.5%	3.5%	3.7%	3.7%	3.8%	4.0%	4.3%	4.3%	4.5%	4.8%
Existing Home Mortgage	4.0%	3.9%	3.8%	3.8%	4.0%	4.0%	4.1%	4.4%	4.6%	4.7%	4.9%	5.0%
INFLATION												
GDP Price Deflator	0.5%	2.3%	1.5%	2.7%	2.3%	2.3%	2.5%	2.2%	2.2%	2.2%	2.1%	2.1%
Personal Cons Deflator	0.3%	2.0%	1.4%	2.2%	1.3%	1.8%	2.2%	1.7%	1.7%	2.2%	2.0%	1.9%
Consumer Price Index	-0.3%	2.5%	1.6%	3.4%	1.9%	2.5%	3.1%	2.2%	2.2%	2.7%	2.4%	2.2%

**National Variables Forecast by IHS Economics
Forecast Begins the Third Quarter of 2016**

NATIONAL FORECAST DESCRIPTION

IHS Economics, which produces the national forecast on which the Idaho economic forecast is based, published its November forecast of the US economy just prior to the US elections. Thus, this forecast does not include proposed policy changes by the incoming national administration and Congress. The April 2016 forecast will be based on IHS Economics' March outlook, which may have the first glimpses of the policy initiatives of the next administration and Congress. Implications for the economy will continue to develop as policy is created and enacted.

The Forecast Period is the Fourth Quarter of 2016 through the Fourth Quarter of 2020

The US economy has been climbing from the Great Recession for six years, but recent data is suggesting an acceleration of this climb at the end of 2016. For the bulk of the forecast, IHS Economics sees a general deceleration in US growth, rather than an acceleration.

The US Bureau of Economic Analysis's (BEA) preliminary reading for real annualized GDP growth in the third quarter was 2.9%, but its first revision stands that figure at 3.2%. Within the early November IHS Economics forecast, the third quarter of 2016 would find real GDP growth at 2.9% on an annual rate. As with the BEA estimates, this is a stronger measurement than IHS Economics had initially seen. In September, IHS Economics foresaw a 2.4% advance, but had weakened this to 2.1% in October. In its analysis, two expectedly strong readings overshot even lofty predictions. An inventory correction contributed 0.61 percentage points towards growth. Net exports contributed 0.83 percentage points, marking the third quarter in which trade has been a net positive. A strengthening dollar will likely cut against international trade, and overseas markets are expected to record mild growth, so exporting is unlikely to sustain its third quarter performance going forward. Real GDP growth is predicted to be 2.2% for 2017 and 2018.

Guiding that prediction is consumer spending, which is forecast at 2.5% growth in 2017 and 2018. Consumer spending slowed from 4.3% annual growth in the second quarter to 2.1% growth in the third quarter, with a projection of 2.8% for the final quarter of 2016. Holiday sales are expected to rise 3.7% over 2015's value, which were in turn up 3.2% over 2014. These sales are defined much like back-to-school sales: each excludes autos, fuel, and food services. As a guide to interpreting these seasonal sales, the IHS Economics prediction in 2016 had been for 4.1% growth in back-to-school sales, but these sales came in at 3.9% growth. Online sales are expected to catch roughly \$1 out of every \$6 of holiday shopping; the previous year it was \$1 out of every \$6.50.

Spending on real core construction fell by a 2.9% annual rate in the third quarter. This broad measure, including housing, nonresidential construction, and governmental construction (but not mines or wells) was down 6.7% in the second quarter as well. National housing starts—a concept which counts each single-family domicile (for example, a duplex would count as two starts)—are forecast for 1.23 million in 2017, whereas 1.37 million had been envisioned in July, and 1.34 million had been forecast in September. This slowdown in construction is one of the main changes in IHS Economics' forecast, and it is somewhat in contrast to housing sales which remain robust. October sales hit a pace faster than any since February 2007. A supply of only 4.3 months of sales of homes were available on the market at that pace, with six months of supply typically considered a balanced market by Realtors.

Employment growth has averaged 180,000 jobs per month in 2016, exceeding labor-force expansion. The unemployment rate has remained relatively steady (near 4.9%) since June. The fourth quarter of 2015 saw the participation rate at 62.5%, but the October reading was 62.8%, a value achieved in seven months in 2016, and the participation rate for November was 62.7%. November's preliminary reading for US job growth was 178,000 jobs.

Bond markets priced in a December 14 rate hike of 0.25% for federal funds at the conclusion of the Federal Reserve's last 2016 scheduled meeting. The Fed then increased rates by that amount. Ten-year Treasury note prices have fallen, raising their yields from 1.86% on November 8, Election Day, to 2.3% just before Thanksgiving, to 2.4% by December 5, and on to 2.6% on December 15. Yields had been as low as 1.46% in June. US mortgage rates have also risen by a bit more than one half of a percent. Further monetary tightening in 2017 is forecast, with two rate increases in 2017 anticipated, though IHS Economics has indicated that three may be possible, depending upon fiscal policy.

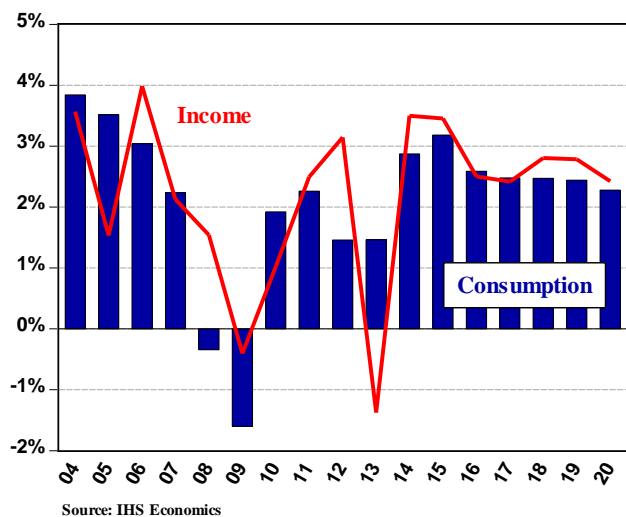
Real GDP growth for the US's major trading partners is thought to be only 1.8% on average for the next decade. Growth among other trading partners is expected to be double that value on average, but their strongest anticipated growth is only 4.1% in 2020. In these contexts, the projection for US GDP growth over the next three years is 2.2%, followed by 2.0% growth in 2020.

SELECTED NATIONAL ECONOMIC INDICATORS

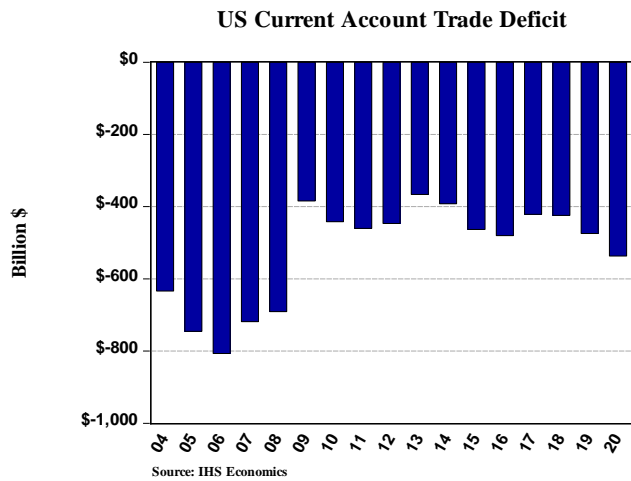
Consumer Spending: Consumer spending was 65.1% of GDP in 2000, then 67.9% in 2010, and it is currently at 69.2%. By 2020, real consumer spending is expected to represent 69.8% of the economy, so consumer spending is mightily important to the US economy. The growth of real consumer spending this year likely hit its high point of 2016 in the second quarter when it reached a 4.3% annual rate. The third quarter is projected to register at 2.1%, and the final quarter is now seen up a bit at 2.8%. Beginning 2017, consumer spending is seen at 2.2% growth, with the slowdown following a slowdown in real disposable income, which is expected to advance at an annual rate of 1.7% in the fourth quarter, compared with a 2.2% rate this past third quarter. Both 2017 and 2018 are expected to see total real consumer spending advance 2.5%. To compare

the 2020 and 2015 forecasts, average annual rates show a gently saving American: per capita real consumer spending advances 1.6% while real per capita disposable income marches 1.8% higher. Real household net worth climbs 2.7% while household monthly finance obligations grow 0.8%. Net worth is benefiting from recovery in the housing market as well as stock gains, but hampered by losses in the bond market. Broadly, Americans are within their means in terms of spending. Consumers markedly reduced their debt load from before the Great Recession. The debt load is a household's monthly finance obligations which include debt services and leases but not mortgages. The expected expansion of consumer debt ratios still leaves that ratio below its more typical range going back to 1995. American mortgage debt is also receding. Total mortgage debt is anticipated to decrease from 73.8% of aggregate disposable income to 69.7% from 2015 through 2020, which represents a 1.1% average annual decrease.

US Real Consumption and Disposable Personal Income Growth



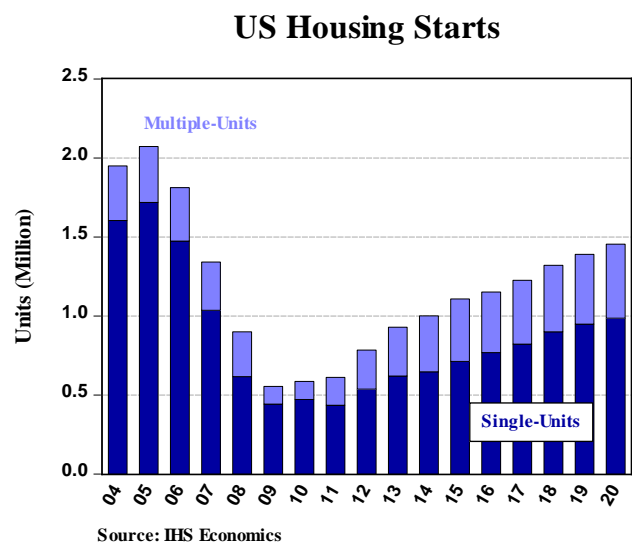
Reduction in debt loads and growing net worth may be contributing to consumer sentiment rebound. In November, the University of Michigan’s consumer sentiment index regained levels it had fallen from since May.



International: Political, and particularly policy, uncertainty still holds. Watchers of trade now have two large, known unknowns: the new administration and Congress begin in January 2017, and Brexit is scheduled to begin in March 2017. Uncertainty due to these has brought about money flight from emerging markets, as well as readjustments in relative values of reserve currencies. Rather than waning as previous forecasts anticipated, the US dollar has strengthened. To support the value of the peso, which has fallen in the wake of the US election, Mexico, with unemployment at 3.6%, increased its interest rate by fifty basis points after the US election, following a similar

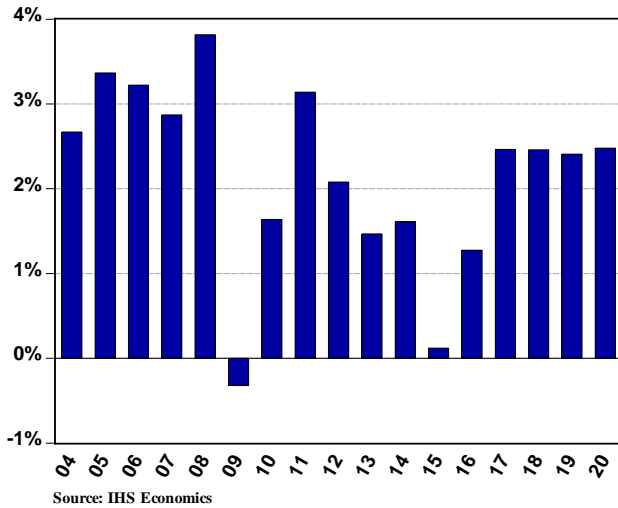
increase at the end of September. Until December, the Japanese yen had been among the strongest performers in 2016, up over 18% through October—it was still up 7% in mid-December. The yuan, which had strengthened against the dollar since China loosened its currency markets in 2010 (rising from 6.8 yuan per dollar to just over 6 yuan per dollar by early 2014), has fallen to 2010 levels. Effects of these value swings can be expected to show up in consumer markets in the medium term as prices and volumes adjust. National political upsets are widespread, as is financial difficulty. Italy’s constitutional reform was just rejected, leading to the resignation of the prime minister, while the world’s oldest bank, an Italian one, falters. After the ouster of Brazilian President Rousseff in August 2016, that country continues to wade through graft investigations and has lowered its own outlook for 2017 growth from 0.98% to 0.8%. South Korean protests of influence peddling have led to impeachment of its country’s president, and its shipping industry limps. Within IHS Economics’ forecast, the dollar strengthens in the short term and finally weakens beginning in 2018, but it remains above 2015 levels through 2020. Net trade remains in deficit throughout the forecast. It grows from -\$481.8 billion to -\$531.8 billion in 2020. Imports will grow much more rapidly than exports until 2020 when export growth enjoys its first full-year advantage over import growth since 2013.

Housing: IHS Economics finds that “the [US] election results hold no readily identifiable impact on the housing market.” A strong housing construction market should be present. Prices are advancing, interest rates for mortgages are still low, inventory is low, and the pace of homes going under contract is quick. Consistently, less than six months of inventory is available for sale. Rental vacancy rates were 7.1% in 2015, are 6.6% for 2016, and are projected to decrease to below 5.5% through the end of the forecast. Nonetheless, housing starts have followed a relatively flat path in the range of 1.1–1.2 million for the past year, and this is forecast until 2018



when a 1.3 million pace will finally be breached. Affordability of new housing is decreasing, but consumers have brought monthly finance obligations below 15.5% of disposable income for 2013–2016, whereas this value has more typically been in the 16.5%–17.5% range going back two decades. In addition, the current delinquency rate on mortgages is well below the average rate since 1979. Housing starts are predicted to be 1.23 million in 2017 and 1.32 million in 2018. New home sales, finishing 2016 in the region of 580,000, are expected to be 671,000 in 2017, rising to 716,000 in 2018. Existing home sales are expected to be in the range of 5.4–5.5 million over the next two years. All of this occurs within a mortgage environment predicting conventional 30-year loans to average 3.92% in 2017 and 4.66% in 2018.

US Consumer Price Inflation

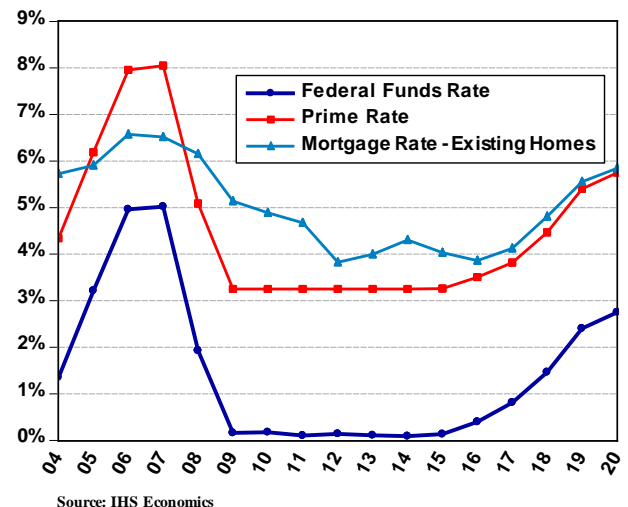


Inflation: As IHS Economics says, “A Trump presidency may entail a large increase in the US budget deficit due to more infrastructure spending and lower taxes. These factors would result in increased inflation and higher interest rates thanks to more government borrowing.” Since the election, the bond market has immediately anticipated higher inflation. It has raised yields by lowering prices. IHS Economics attributes that change to several policy aims of the president-elect. A remarkable feature of the recovery from the Great Recession has been how quiet inflation has been. The all-urban Consumer Price Index (CPI) has recorded the following increases from 2010 to 2015: 1.6%, 3.1%, 2.1%, 1.5%, 1.6%, and 0.1%. Going forward, within the forecast it is anticipated to be 1.3%, 2.5%, 2.5%, 2.4%, and 2.5% for 2016 through

2020. Accumulating these results gives 10.2%, which can be interpreted as the statement that \$100 dollars of goods and services today will cost \$110.20 by 2020. Within this broad measure of inflation are the volatile food and energy segments. The less volatile CPI for core inflation (excluding food and energy) has been and is anticipated to remain within a very tight 2.2–2.3% annual range. In 2020, total employment costs are expected to be 14.8% above the 2015 level. The most recent data is in line with these estimates. With low productivity, core inflation and labor costs rise nearly in tandem.

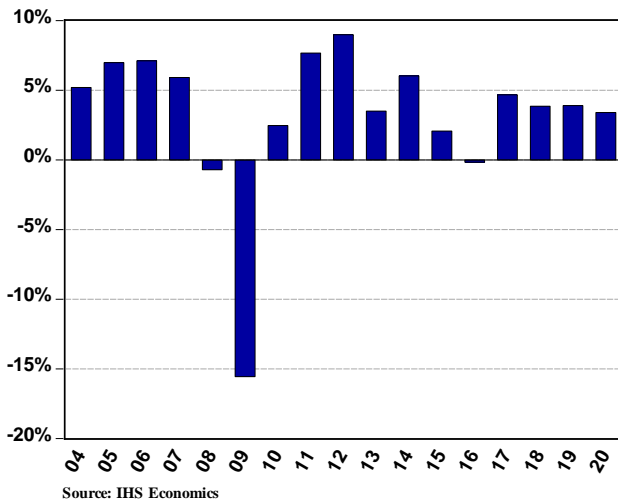
Monetary Policy: Markets bet that the Federal Reserve would not lift interest rates in September, and they were correct. Then they were certain of an increase of 25 basis points in the federal funds rate at the December 13–14 Federal Reserve Open Market Committee (FOMC) meeting; that rate increase was delivered by the FOMC. The November forecast of IHS Economics “assumes two rate increases of 25 basis points each in 2017 and three such increases in both 2018 and 2019. Thus, the federal funds rate will reach a long-term equilibrium of 2.75% in late 2019.” There is a growing divergence in policies by central banks. Japan is now targeting a zero-percent yield for its

Selected US Interest Rates



notes of a ten-year duration. The European Central Bank is undergoing quantitative easing, buying bonds on the open market until December 2017. The Canadian central bank is currently holding its rates steady at 0.5%. Mexico has raised rates by 1.0% in less than six months. China’s central bank rate is steady at 4.35%, but had been as high as 6.0% in 2014. British rate prognostications are subject to ever-present revision following the vote for Brexit, but since then, the Bank of England has only once cut its interest rate, by 0.25%. The differences in monetary policy may reflect the accumulation of different exits from the Great Recession as well as differing anticipated future courses. One consensus is that after years of monetary stimulus, the effectiveness of such interventions for furthering economic growth is diminished. While the US experiences a long stretch of full employment, the monetary tightening anticipated of the Federal Reserve is designed to normalize policy so that unconventional responses to financial shocks need not be the initial responses due to unavailability of conventional alternatives.

Real US Business Investment Growth

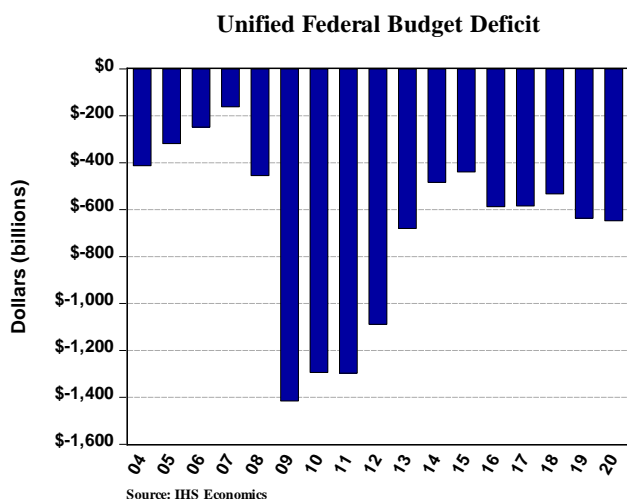
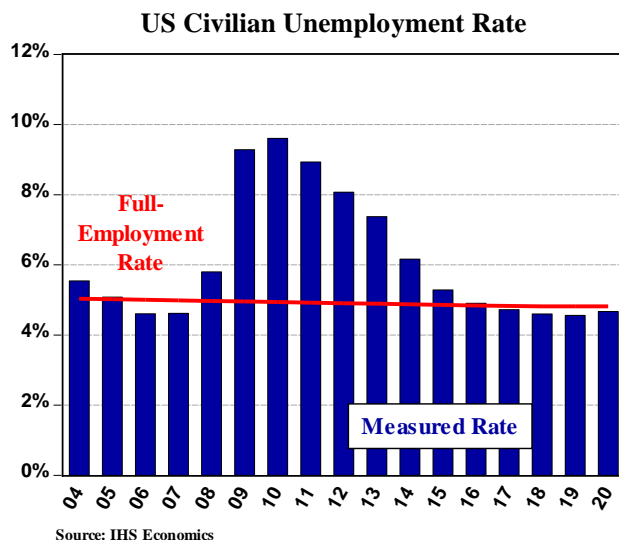


Business Investment: Real investment in equipment, which includes information processing, industrial, and transportation investments, has remained relatively fixed at a bit less than \$1.1 trillion per year since 2014. This will remain the case through 2017, and the round-up to \$1.2 trillion will only occur in 2019. There is an international component to business investment which should not be overlooked. IHS Economics finds that “although domestic demand for [all] equipment is down, shipments have declined mainly because of weak export demand.” That export demand may reflect two features: weakening overseas economies as well as the strong dollar—it is near a 14-year high, making US exports relatively more expensive. A broad slump in commodity prices, including weak farm products on record crops, is limiting domestic

construction and farm machinery sales. The evaporation of investment in oil field and mining equipment may be over. Viewed from the rig count, the corner has turned for oil field development and may be turning for gas. However, this count does not address two competing features: there is growing use of more complicated horizontal drilling in multiple directions from a single vertical well, and prices per foot are falling. Investment by oil companies in West Texas is buoyed by the understanding of a vastly larger economically recoverable reserve of oil there, acknowledged by the US Geological Survey this November. The market for leased construction equipment is broadening, and a large used market is now available. The lease market has also blossomed within the high-tech segment. Cloud computing is the recipient of a lot of investment. Amazon Web Services sees annual growth at 55%. For businesses, renting server time on the cloud can be more efficient than maintaining servers. Domestic information processing spending is expected to increase at a modest rate of just under 5% across the remainder of this decade. Intellectual property investment, now at roughly three quarters of a trillion dollars, had its real rate of growth average 3.9% since 2010, and it is anticipated to maintain that growth in the remainder of the decade. Returning to capital investment in equipment, 2020 will see real values climbing an average of 2.9% annually from 2015’s value.

Employment: In many ways, the US has achieved its full employment target, though the time to reach it was long. For most of 2016, the unemployment rate has been at 4.9%, and it is forecast to remain there through the year’s end. IHS Economics predicts 2017–2020 will show an unemployment rate in the 4.6–4.7% range. The monthly reading released by the Bureau of Labor Statistics in November achieved

4.6% unemployment. By average annual rates, nonfarm employment growth was 2.4% for 2011–2015. The forecast has this at 1.1% for 2016–2018, and 0.9% for 2018–2020. Thus, the US is coming off its peak job-creation rate according to the IHS Economics forecast. Job gains going forward are expected to be around 1.4 million jobs for each of the next two years. Actually, there may be more reason for optimism. Measurement of non-traditional employment may be faltering, perhaps undercounting current 1099 workers within employment. People engaged in work as independent contractors receive IRS Form 1099 to detail nonemployee compensation rather than W-2s. The IHS Economics forecast sees manufacturing employment remaining stable in 2017 before growing gradually through the 2020 horizon, eventually adding 442,000 jobs to its current base of 12.29 million jobs. Construction employment grows each year, from 2016’s value of 6.7 million jobs to 2020’s anticipated value of 7.3 million jobs; that amounts to 2.1% average annual growth. Business services employment grows 2.8% on average, adding a total of 2.3 million jobs above its 20.2 million jobs in 2016. Retail and wholesale trade together add only 100,000 jobs by 2020, though they already have 21.9 million jobs. IHS Economics attributes this to the growing influence of online retailing.



Government: Real government spending on defense is a half-percent lower in 2016 than it was in 2015, and it is expected to be another 1.7% lower by 2020. Nondefense spending was up 2.4% over 2015, but it is expected to be only 1.2% above 2015 levels by 2020. Nominal federal receipts are up 0.7% for 2016 but are expected to be up 3.9% on average in the forecast. Adjusting for inflation, that value reduces to 1.6% average real growth. For the forecast, the federal deficit is consistently just over half of the total contribution for social assistance (that is, the deficit is just over half of all receipts for social security and Medicare taxes), but interest payments on the federal debt grow from 77% to 81% of the yearly federal deficit. By 2020,

the deficit is expected to be at \$792.3 billion. December 9 was a funding deadline for the government, and it managed another continuing resolution, with funding through April 2017. Bumping against the debt ceiling is not expected until March 2017.

IDAHO FORECAST DESCRIPTION

The Forecast Period is the Third Quarter of 2016 through the Fourth Quarter of 2020

From July through October, Idaho's unemployment rate registered 3.8%, markedly below the national rate of 4.9–5.0% during that time. Nonfarm employment is set to record a value of 694,000 jobs for 2016, up 3.1% from 2015, and quite a bit ahead of the 1.7% advance expected at the national level. Idaho manufacturing employment recorded strong 3.7% growth in 2016, with nondurable manufacturing up by 4.3%. Construction grew even faster than last year's 7.2% pace by adding an additional 0.8 percentage points for 8.0% growth. Services increased payrolls by 4.1% and were pulled ahead by professional and business services (up 6.6%), as well as leisure and hospitality (up 5.7%). The large health and education subsectors continue to march ahead (up 3.8%). Trade is up again, but not a lot (0.5%). Idaho nonfarm employment growth is projected to be 1.9% on average through 2017–2020.

Growth in Idaho personal income is expected to be 3.0% for all of 2016. The forecast sees this up 4.4% the next year, ultimately growing 5.1% each of the final two years of the forecast. Taking into account expected inflation, these values represent real advances of 1.9% this year, 2.6% next year, and around 3% for 2019–2020. Sticking with dollars adjusted for inflation and using 2009 as the base year, Idaho's per capita personal income just passed \$35,000 last year, and it is expected to rise to \$37,200 by 2020. Corresponding national values are \$43,800 for 2015 and \$48,000 for 2020. Thus, Idaho's real advance of 6.1% does not match the 9.5% national advance, but Idaho's costs of living are not exorbitant, and some of Idaho's slower advance is due to large families. Nationally, the population advances 0.8% per year for each year of the forecast, but Idaho's advances 1.4–1.5% each year, with Idaho births up over 2.0% each year after this, compared with 0.6% on average for the nation.

Farm proprietors' income shrinks in this forecast, down 35.9% from the 2015 value (\$1.6 billion) to the 2016 expected value (\$1.0 billion). The record was \$1.8 billion in 2014 on high prices. The coming year is not anticipated to show much change in the gross, but 2018–2020 bring an advance totaling \$140.0 million over the roughly \$1.0 billion value expected in 2017. Nonfarm proprietors are seen garnering \$6.7 billion of income this year, moving on to a projected income of \$7.8 billion in 2020.

Idaho Department of Labor data finds regional disparity in the economic recovery. Madison County has a remarkably low unemployment rate (in the lower end of the 2% range), and the county has consistently had unemployment rates below those of the state, which have been below national unemployment rates, since January 2015. Adams and Clearwater counties have consistently registered unemployment rates above the national average since then. Disparity is visible at the industry level as well. As seen through growth, the food processing industry is quite healthy within the state, but some companies in the wood products industry have suffered. Construction is benefiting from business investment. Agriculture is diversifying with new crops and processing facilities. Semiconductors and electronics bring enormous revenue to the state, but employment gains are now few and far between for the sector.

The state employment market offers opportunities, provided some mobility is possible. Post Falls, Lewiston, Idaho Falls, Twin Falls, and the Treasure Valley are seeking employees to fill vacancies. Under the forecast, Idaho's nonfarm employment increases 1.8% in 2017, 1.9% in 2018, 2.0% in 2019, and 1.8% in 2020, while per capita real personal income advances 1.1% in 2017, 1.4% in 2018, 1.5% in 2019, and 1.4% in 2020. This all occurs within the context of Idaho's population advancing 1.4–1.5% per year.

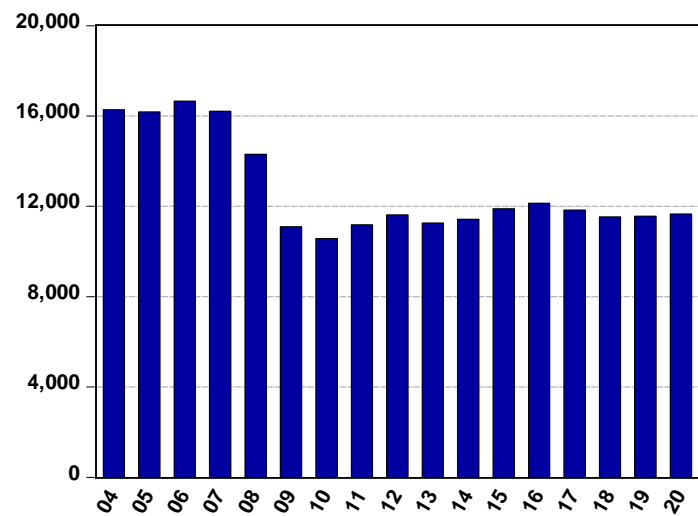
SELECTED IDAHO ECONOMIC INDICATORS

Agriculture: The 2016 Idaho Annual Statistical Bulletin, released by the US Department of Agriculture, shows continued strong harvests through 2015 for Idaho farms and ranches, even within the context of difficult commodities pricing. While Idaho’s number one rank among states in fall potatoes may be expected, that ranking is achieved for winter peas as well as trout. Other foods where Idaho typically finishes in the top three include milk, cheese, plums, hops, barley, peppermint, peas, and sugar beets. While national farmland decreased 1.5% across 2006–2015, Idaho farmland increased 1.7% during that time, though both scopes saw consolidation reduce the number of farms: a 1.0% decrease nationally and a 2.4% decrease within the state. Not all of the 2016 data is in, but pricing data is available for the first part of this year. Among the largest of Idaho’s crops, alfalfa pricing is down from 2012–2013 highs, and a similar story holds for wheat. Idaho’s overall potato prices have held up better compared with their recent 2013 high, down typically around \$1 per hundredweight, or roughly 10–20%, compared with the 25–30% drop in alfalfa and the 40–50% drop in wheat. Steer prices per hundredweight drifted down from \$130 to \$100 from January to October of 2016, but they have rebounded in November and early December towards \$120. Notable among developments is a 12.5% rise in rent associated with Idaho’s irrigated cropland over 2014–2015. In fact, both pasture and cropland values continue to climb within Idaho, bucking the national trend, where cropland has slightly decreased from 2015.

Computer and Electronics Manufacturing:

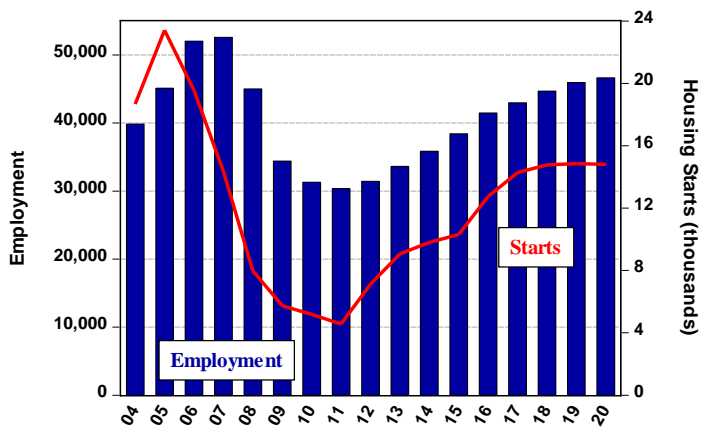
HP and Micron Technology led this sector’s growth in the 1990s. Employment nearly doubled from about 10,700 jobs in 1991 to a peak of 19,700 jobs in 2001—an average growth rate of 6.3% per year. This 9,000-job increase accounted for almost 70% of all manufacturing jobs created in Idaho over that period. This sector became the state’s largest manufacturing employer in 1998, but the global high-tech collapse at the start of the new millennium precipitated local job declines, and then came the Great Recession. By 2010, this sector’s employment was about 10,600 jobs, or slightly lower than in 1991. Idaho computer and electronics manufacturing employment is seen shrinking from 12,100 jobs this year to a low near 11,500 jobs in 2018, with a meek recovery to 11,700 jobs by 2020. ON Semiconductor, which has operations in Meridian, Nampa, and Pocatello, is designing and building semiconductor electronics products in Idaho. It is benefiting from the increased deployment of electronics within automobiles, and its 700 employees are matching that demand through capacity leaps, the thrust for which is productivity. It has earned an energy efficiency award from the state. Over 30% of Idaho’s international export value is attributable to this industry.

Idaho Computer and Electronic Products Employment



Construction: Housing starts nationally have not been quite what one would expect, but Idaho has seen nearly 12,800 housing units begin in 2016. A 1,500-unit boost to that is expected next year before growth in housing starts cools. Each of the years 2018–2020 should see around 14,800 housing starts in Idaho. Still, this represents a 2.0% average annual growth in the stock of housing units available within Idaho, which is strong given that the population is expected to increase only at a 1.5% average annual rate. Currently, the industry is doing well, and this case is bolstered by very strong building permit data

Idaho Construction Employment and Housing Starts

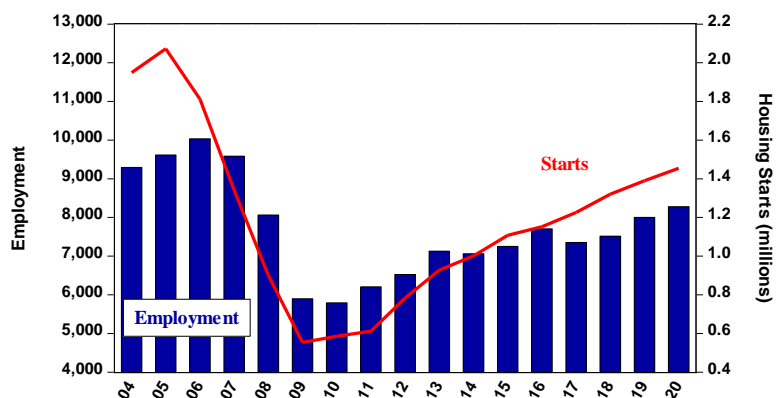


released in November. One potential headwind could be interest rates. Two weeks after the US election, mortgage rates increased over 0.4 percentage points. IHS Economics forecasts further rate increases in 2017. One compensating factor may be additional migration from more affluent states acting as infill. The same mortgage dynamic is at play nationwide, but migrants may bring additional equity, which would carry further with Idaho’s relatively low prices. Large industrial construction projects are underway, including refurbishment work at Dworshak Dam, water recharge pipelines in the Eastern Snake River Plain Aquifer, Simcoe Solar Project (20 megawatt capacity)

in Elmore County, and a new digester at Clearwater Paper in Lewiston. Large commercial projects include development near the Ten Mile Interchange in Meridian, adjacent to JUMP in downtown Boise, the Shoshone-Bannock Hotel & Event Center casino expansion, and Hagadone Corporation’s marine development at the confluence of Lake Coeur d’Alene and the Spokane River. In addition, many hospital construction projects are ongoing or beginning, including Kootenai Health’s expansions in Post Falls and Coeur d’Alene. Some projects currently rest upon agricultural strengths endemic to Idaho. In development are a sorghum processing plant in Parma and a hop pellet plant in Wilder, and newly opened is a quinoa processing facility in Driggs. With Idaho being one of the top hop states in the nation and a blossoming brewery state, the Wilder development could foster further local development. Currently, construction employs 41,500 jobs in the state, and this is expected to grow to 46,600 jobs by 2020. Most of that growth occurs by 2018 when 44,700 employees are expected to be in Idaho construction. Housing starts are currently at 12,800 units and should grow to 14,800 units by 2018, then maintain a value quite near there through 2020.

Logging and Wood Products: One major revision to the national outlook is a more modest expansion of the housing sector, and this duly slows growth in Idaho’s wood products industry. Employment gains in this sector may also be muted by the high productivity of Idaho’s mills. The forefront of today’s mill and logging work uses high technology at every step, achieving cutting-edge efficiency. There are fewer workers per unit of output, and there is more lumber extracted per unit of timber. Recent news has included the closure of two mills. Blue North Forest Products in Kamiah closed in the spring, and Tri-Pro Forest Products in Orofino closed this October. As of November 18, the Idaho Department of Labor has determined that the unemployment rates in the affected counties are: Lewis at 6.5%, Idaho at 5.6%, and Clearwater at 7.4%. These contrast with the state unemployment rate which has been 3.8% for August–November. The Orofino mill focused on cedar, and the Kamiah mill ran one shift per day. In contrast, Idaho Forest Group’s mill in Athol runs two shifts per day, processes 120 truckloads

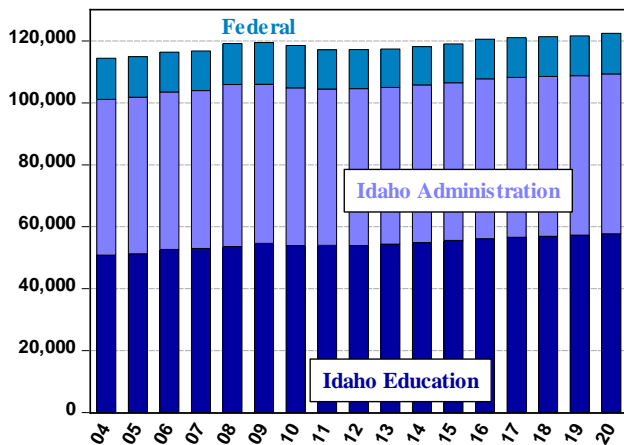
Idaho Wood Product Employment and U.S. Housing Starts



of timber per day on average, and works with several timber species. Lumber is a volume industry and is subject to low margins. Beyond the natural resource jobs in the sector, the Idaho wood products industry includes value-added subsectors such as trusses, cabinetry, and doors. There is expansion within these segments. Woodgrain Millwork has operations in Fruitland, where it is headquartered, and Nampa, where it produces doors. InteFrame Components is a truss manufacturer expanding in Nampa. Strength in Idaho’s economy should support these value-added subsectors. Over the next few years, exports will be challenged by both the stronger dollar and weaker foreign economies. The number of logging and wood product jobs is forecast to reach 8,300 jobs in 2020, roughly 600 more than are present this year.

Metal Fabrication: Metal fabrication is a sector which, like agriculture and food processing, is distributed throughout the state and links to several portions of the economy. Vista Outdoor is an integrated manufacturer of products for recreation, hunting, and law enforcement. In 2015 it acquired CCI Ammunition, a Lewiston-based manufacturer of ammunition going back to 1951. Howell Ammunition is in Lewiston as well. The ammunition industry is diffused throughout the state, including in small towns. Parker Productions makes hunting ammunition in Troy. Arco and Idaho Falls are on the ammunition map due to Hooker Tactical, a supplier to military and police organizations, nationally and internationally. Geared more towards the hunting and recreation side, Buck Knives has been a Post Falls manufacturer since 2009. Some metal fabrication shops, such as Idaho Equipment and Sheet Metal in Rupert, focus on food processing equipment but have line capabilities and capacity for metal parts production. Diversified Metal Products in Idaho Falls serves the nuclear, mining, and food processing industries. Yanke Machine Shop in Boise serves a broad set of customers, including aggregate (gravel) mines. These are some of the larger metal fabrication businesses, but there are many smaller firms as well, making tanks, chests, and gates, among many other objects. All told, the many employers in the metal fabrication sector contributed 5,800 jobs to the Idaho economy this year and are expected to employ 6,200 people by 2020.

Idaho Government Employment

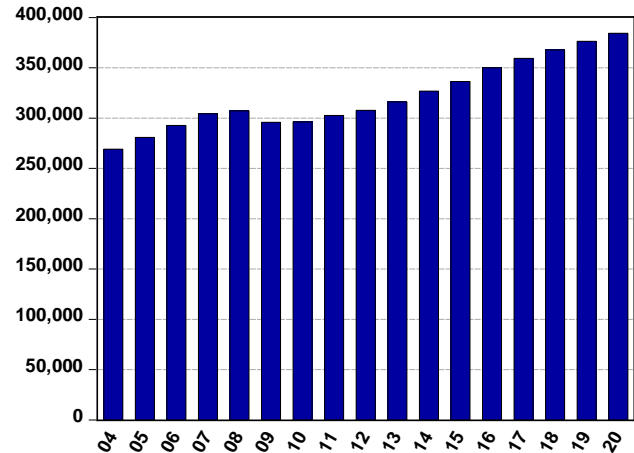


Government: Idaho’s government employment remains steady with slow growth even though the state population is growing more briskly than that of the nation. Idaho grows both through migration and through natural population growth, so not surprisingly, within the forecast, the educational portion of Idaho’s state and local government is likely to grow most quickly. How educational growth occurs within Idaho may depend upon the educational policy course charted nationally. Working with the best available data to date, by 2020, Idaho’s state and local educational employment is set to be 2.8% greater than in 2015, but Idaho’s non-educational government employment is forecast to retain its 2015 level. The current forecast is that federal government

employment nationwide is to increase by just 3.9% by 2020, but Idaho’s federal employment should expand 4.8% by then, half of which is due to the FBI data center in Pocatello. With up to 300 new permanent jobs (by late spring 2017), and with strong average wages, this addition will augment Pocatello’s economy. Buchanan & Edwards is following the FBI into the Pocatello job market; this private contractor provides technology services to government agencies and expects to have 50 local employees.

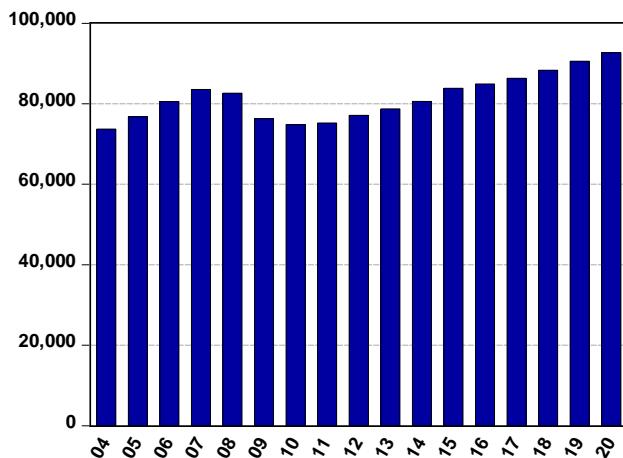
Service: The service sector is made up of the following categories: information; finance; transportation, warehousing, and utilities; professional and business; health and private education; leisure and hospitality; and other services. For every ten jobs in Idaho not directly tied to producing goods, six are found in the service super-sector. Health and private education, which had 97,300 jobs in 2015 and is the only sector to avoid job decreases during the Great Recession, is actually the largest service industry in Idaho. The health systems of St. Luke’s and St. Alphonsus, as well as BYU-Idaho, are among the state’s largest employers in this sector. Average growth through 2020 is seen at 3.4% for health and private education. The next largest service sector is professional and business services. Accounting, engineering, and veterinary services reside here, as do call center work, lawn services, and custodial services, exemplifying the diversity of service employment. Employment in the business service sector is expected to grow at a 3.5% rate on average across the forecast. Idaho’s leisure and hospitality industry is spread across the state: museums are in place in 42 of Idaho’s 44 counties, and there are over 130 golf courses in the state. Hagadone Corporation is one of Idaho’s largest employers; it has hotels in Coeur d’Alene, Bonner’s Ferry, and Moscow. According to US Census figures, the bulk of Idaho’s food and hospitality employment occurs with employers of 10–100 workers, and the most dominant part of that has 20–50 employees. Leisure and hospitality industries account for over 70,000 Idaho jobs throughout the forecast, and they are expected to expand at a 2.6% average annual rate, just slightly slower than the entire service super-sector. Across the service super-sector, job growth should advance steadily at a 2.7% average annual rate.

Idaho Services Employment



Trade: Trade employment should grow 1.7% annually across the forecast. Retail trade is about three times as large an employer in Idaho as wholesale trade, and together their payroll counts 113,400 jobs. Retail trade should expand each year by an average of 2.0% across the forecast. At the same time, wholesale trade is anticipated to advance 0.7% on average. Retail trade includes groceries stores, and these have played a large economic role in the state. Albertsons and WinCo Foods grew from Boise while Ridley’s Family Market did so from Jerome. Others are expanding into Idaho through

Idaho Retail Trade Employment



acquisitions, such as Yoke’s Fresh Market from Spokane into Kellogg, Ponderay, and Post Falls. Some are mixing acquisition with expansion: Rosauers operates in Moscow, Lewiston, and Meridian. Mirroring the nation, Walmart is Idaho’s largest retail trade employer with nearly 7,500 workers on its payroll. Fred Meyer has about 2,500 employees in Idaho. Wholesale trade is one step back from retail. Jacksons Food Stores, an Idaho-grown convenience store chain, is the storefront face consumers know, but it relies on wholesalers Capitol Distributing, which brings items to convenience stores, and Jackson Oil. All three are headquartered in Meridian. Dot Foods is a national

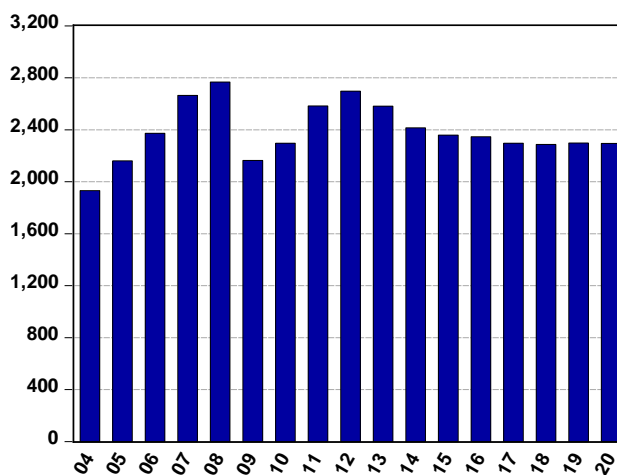
distributor with a Burley presence that has nearly quadrupled its local employment since 2008. Orgill just acquired a distribution center in Post Falls. It enters Idaho with an initial footprint of around 100–120 employees, with operations to begin in March 2017. Orgill serves hardware and lumber retailers. Ranchers will have better access to steel fencing and corrals as Priefert is opening a distribution center for its wares in Boise, with a service area encompassing the Northwest. Wholesale trade employment is around 28,600 jobs this year and expected to be 30,000 jobs by 2020. Retail trade accounts for 84,900 jobs in 2016, but should reach 92,700 jobs by 2020.

Mining: Idaho is an important source of silver, gold, copper, molybdenum, and other metals. A number of these minerals have faced steep price declines over the last few years. Financial remedies in declining markets include mergers and acquisitions. An example of the minerals under steep price declines is molybdenum. This metal was selling above \$45 per pound in 2005, but its November 29 price was just shy of \$7. The operator of the Challis mine was acquired by Centerra Gold, an international mining company from Toronto, primarily by assumption of debt, in late October. This mine is currently being maintained, rather than operated, given the low molybdenum prices. For Hecla Mining Company, which has over 125 years in Idaho’s history, 2016 represents a transition from development of the #4

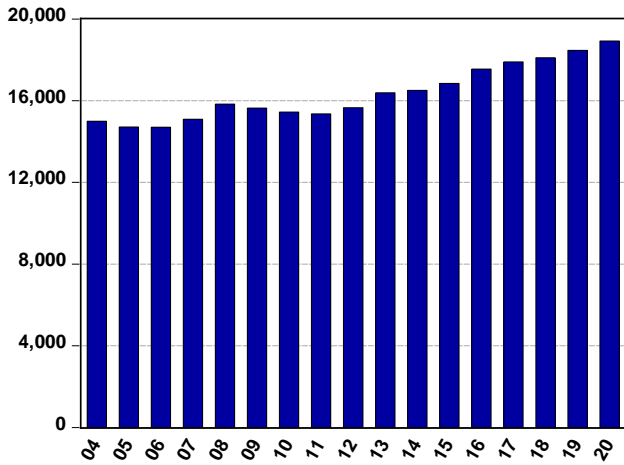
Shaft at its Lucky Friday silver mine near Mullan to commission (that is, active ore extraction). Excavation reached the final level of -8,600 feet, and equipping the shaft is occurring, with production to follow. In its third quarter earnings release, the company reports average silver prices up 34% over the third quarter of 2015, and production volume was up almost 50% over the third quarter. Hecla completed the acquisition of Mines Management in September, obtaining an undeveloped project in Montana. Monsanto (700 Idaho employees) runs phosphate operations out of Soda Springs, not far from Agrium’s (475 employees) current and future phosphate operations. Agrium is merging with PotashCorp of Canada, while Monsanto is merging with Bayer AG of Germany. One dispersed component of the mining sector is gravel. Gravel pits commonly see higher demand during periods of increased construction. Mining employment should change very modestly over the next few years, maintaining 2,300 workers.

Food Processing: Idaho’s food processing sector is a dynamic part of its economy, sometimes with setbacks, but most recently with many successes. Food processing extends across the Snake River Plain. Basic American Foods operates plants in three Idaho towns: Blackfoot, Rexburg, and Shelly. It, along with Simplot, is among Idaho’s top employers, and many of the products these two companies produce use Idaho’s most famous crop: potatoes. Idaho is fifth in production of beans in the US. Buhl has two bean processing plants and Payette has one. A lot of recent growth has been in southern Idaho. One of the biggest draws for manufacturers to the area is its dairy sector, which in turn is a market for Idaho’s hay farmers. According to the US Department of Agriculture, Idaho’s 585,000 dairy cows produced 14.1 billion pounds of milk in 2015. Idaho’s dairy cow population is one third of its human population. Much of the 6.7% of total US milk production that Idaho originates has further value added through local processing in dairy plants. Small towns have plants: Gossner Foods is in Heyburn and Nelson-Ricks Creamery Company is in Sugar City. Jerome is a mid-sized Idaho city but its Jerome Cheese Company

Idaho Mining Employment



Idaho Food Processing Employment



processes 5.2 million pounds of milk each day of operation, producing 520,000 pounds of cheese. The Magic Valley is home to many dairy processing plants, including two of the world's largest. Those are owned by Glanbia and Chobani. Glanbia is an Irish cheese company whose Idaho operations are in Twin Falls, Gooding, Richfield, and Blackfoot. Chobani's Greek yogurt plant in Twin Falls employs about 1,000 workers. Its success may be drawing other companies to the region. For example, Fabri-Kal opened a plant in Burley in October 2015 to supply cups to Chobani. Organic foods are cooked at and distributed internationally from Amy's Kitchen in Pocatello, a newer employer in Idaho which just announced further expansion. Amy's Kitchen revived a

shuttered Heinz plant. Hearthside Food Solutions is aiming to do similarly at the former Post Holdings (PowerBar) plant in Boise. Hearthside, a leading food bar producer, was able to rehire some local plant workers, leading to a quick turnaround. Production began in late September. Kate's Real Foods based in Victor already has a wide distribution of its energy bars. These many examples illustrate how Idaho is a nexus of food production. One recent retreat is in Blackfoot, where Basic American Ingredients (a maker of flavorings) is closing. Idaho food processing payrolls are forecast to grow by 4.1% in 2016, 2.0% in 2017, 1.2% in 2018, and 2.0–2.4% in 2019–2020.

Chemicals: Amalgamated Sugar has three Idaho factories—in Nampa, Twin Falls, and Mini-Cassia—turning sugar beets into granulated sugar, but it also has a research facility in Twin Falls for studying the chemical engineering processes involved at those plants. The Pacific Ethanol plant in Burley has capacity for up to 60 million gallons of ethanol per year and has a byproduct of wet distillers grains. These are unfermented grain residue with up to 70% moisture, resulting in a short duration shelf life, and they are typically used as supplemental animal feed. Dow Chemical Company is constructing a Styrofoam plant in Burley, set to open for production in 2018. Thorne Research, a maker of nutritional supplements which relocated to Bonner County in 1990, is again moving, this time to South Carolina in 2017. Two hundred seventy jobs are involved. Alk, a Danish company, focuses on allergy immunotherapy, and it has production in Post Falls through its Alk Source Materials subsidiary. This facility processes allergens used for medical diagnostic tests. Norco is a western US wholesaler headquartered in Boise that focuses on industrial and medical gasses. It has distribution operations for rehab and industrial gasses spread throughout Idaho, spanning many of the population centers, but it has plants for these gasses in Boise, Lewiston, and Nampa. Idaho chemical employment is expected to advance by 275 jobs by 2020, which is an advance of almost 11% from its 2015 level.

Other Nondurable Manufacturing: This sector includes some industries closely allied with food manufacturing: beverage manufacturers, including wineries and breweries, and the paper subsector. The Idaho wine industry has its roots in the Clearwater area around Lewiston where grapes were first grown in the state (circa 1864), and that area is again producing wines. The modern industry rose with Ste. Chapelle Winery and is pressing into other areas, including Sun Valley and Bovill. All told, the Idaho Wine Commission counts over 50 wineries in the state (50 was reached in 2013), up from 11 in 2002 and 43 in 2010. The 2015 crop of grapes for wine was down 40–50% due to a freeze in the winter of 2014, but reports are of a 50–100% increase for 2016 over the previous year's diminished crop, bringing yields back to normal. Idaho's beer industry, like its wine industry, benefits from its proximity to its raw

ingredients. Wilder is among the Idaho areas contributing to the state's status as third in the nation in hops production. Idaho breweries have grown similarly to its wineries, and their diversity is as remarkable. There are over 50 breweries in the state, with several recently introducing canning operations. Their scope ranges from nano-breweries, whose batches count a handful of barrels to brewers, reaching into tens of thousands of barrels per year. Their distribution ranges from a single establishment to grocery stores throughout the Northwest, and their geographies range from Ferdinand (north), through Buhl (south), and over to Victor (east). The paper subsector has long been present through the Lewiston mill, which makes tissue and paperboard, and it is now operated by Clearwater Paper Corporation. That mill is upgrading its digester, which turns chips to pulp. KapStone in Twin Falls is a corrugated container production paper mill, making products to ship potatoes, cheese, and dairy. By employment, paper is about one third of Idaho's nondurable manufacturing sector. Beverage manufacturing represents at least a quarter of the sector. Idaho's current sector called "other nondurable manufacturing" employs 5,700 people and is on its way to employing 6,200 people by 2020.

ALTERNATIVE FORECASTS

IHS Economics assigns a 65% probability of occurrence to its November 2016 baseline macroeconomic scenario. Its *Optimistic Scenario* has a 15% likelihood, and its *Pessimistic Scenario* is 20% likely. These percentages are unchanged from the previous forecast.

Prominent features of the *Baseline Scenario* include:

- Real GDP will expand 1.5% in 2016, then by a forecast 2.2% for three years from 2017 to 2019, and finally by 2.0% in 2020.
- US nonfarm employment will rise 1.7% in 2016, 1.2% in 2017, 0.9% in 2018, 1.0% in 2019, and 0.9% in 2020.
- The US civilian unemployment rate will fall from 4.9% in 2016 to 4.7% in 2017 before bottoming at 4.6% for 2018–2019, with 2020 at 4.7% again.
- Consumer inflation will hit 1.3% in 2016, then 2.4–2.5% in 2017–2020.
- After hitting a recent low of \$439 billion in FY 2015, the unified federal budget deficit will hold for three years in the mid-\$500 billion region before jumping to the mid-\$600 billion region for each of the final two years.
- The current account deficit will stay between \$400–500 billion for four years.
- Housing starts will increase from 1.2 million units in 2016 to 1.45 million units in 2020.

PESSIMISTIC SCENARIO

Gloom in the *Pessimistic Scenario* comes about domestically through weaker growth in business investment, a slower pace for housing starts, and a continuation of low gains in productivity. International influences contribute as well, primarily through financial channels. Major trading partners, particularly European ones, have growth at a half of a percent lower than in the baseline, and the dollar appreciates sharply in light of that as well as a less gradual monetary tightening by the US Federal Reserve. This scenario sees higher prices for oil in the near term, not through OPEC coordination, but through lower US production.

In this scenario, GDP growth remains under half of a percent from the fourth quarter of 2016 through the third quarter of 2017. Perhaps surprisingly, the unemployment rate grows just barely, from 4.9% to 5.3% over the same period. Exports contract each of those quarters, and productivity is flat. The malaise catches up with employment, though, as unemployment sustains 6.1% in 2018–2019. Consumer price index measures of inflation stay above 3.0% for 2017–2020, averaging 3.3%.

Compared with the baseline, employment in Idaho is consistently down in the pessimistic view. There are 5,600 fewer jobs in 2017, growing to 22,000 fewer jobs in 2020. The distribution of these jobs within the economy shows little change: shares for individual sectors such as construction or leisure and hospitality are in line with those in the baseline. Not surprisingly, super-sectors such as services also hold their shares. In short, there is little story to the employment side other than weaker growth.

The economic impact of the pessimistic future comes in money. The baseline sees Idaho personal income growing from \$65.4 billion to \$79.1 billion across the forecast, and this scenario just slightly curtails that growth, reaching \$78.9 billion in 2020. However, the value of that income is quite reduced by inflation in this scenario. Nominal per capita personal income grows 14.0% in the pessimistic case compared with 14.2% in the baseline case, but real per capita personal income grows 2.8% in the baseline, whereas it contracts by 0.8% in the pessimistic case.

**IDAHO ECONOMIC FORECAST
BASELINE AND ALTERNATIVE FORECASTS
JANUARY 2017**

	BASELINE					OPTIMISTIC					PESSIMISTIC				
	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
U.S. GDP (BILLIONS)															
Current \$	18,564	19,408	20,274	21,144	22,024	18,577	19,586	20,687	21,818	22,891	18,559	19,266	19,910	20,974	22,053
% Ch	2.9%	4.5%	4.5%	4.3%	4.2%	3.0%	5.4%	5.6%	5.5%	4.9%	2.9%	3.8%	3.3%	5.3%	5.1%
2009 Chain-Weighted	16,649	17,016	17,388	17,762	18,126	16,658	17,116	17,588	18,108	18,576	16,633	16,730	16,691	17,077	17,518
% Ch	1.5%	2.2%	2.2%	2.2%	2.0%	1.6%	2.8%	2.8%	3.0%	2.6%	1.4%	0.6%	-0.2%	2.3%	2.6%
PERSONAL INCOME - CURR \$															
Idaho (Millions)	65,464	68,313	71,655	75,328	79,141	65,278	68,279	72,138	76,745	81,422	65,351	68,090	70,803	74,670	78,871
% Ch	3.0%	4.4%	4.9%	5.1%	5.1%	2.7%	4.6%	5.7%	6.4%	6.1%	2.9%	4.2%	4.0%	5.5%	5.6%
U.S. (Billions)	15,971	16,665	17,484	18,352	19,230	15,975	16,755	17,695	18,760	19,810	15,973	16,648	17,302	18,181	19,254
% Ch	3.3%	4.3%	4.9%	5.0%	4.8%	3.3%	4.9%	5.6%	6.0%	5.6%	3.3%	4.2%	3.9%	5.1%	5.9%
PERSONAL INCOME - 2009 \$															
Idaho (Millions)	59,118	60,629	62,399	64,304	66,181	58,921	60,345	62,634	65,374	67,925	58,980	59,765	60,290	61,896	63,748
% Ch	1.9%	2.6%	2.9%	3.1%	2.9%	1.6%	2.4%	3.8%	4.4%	3.9%	1.7%	1.3%	0.9%	2.7%	3.0%
U.S. (Billions)	14,423	14,791	15,226	15,666	16,081	14,418	14,808	15,364	15,980	16,526	14,415	14,612	14,735	15,071	15,563
% Ch	2.2%	2.5%	2.9%	2.9%	2.6%	2.2%	2.7%	3.8%	4.0%	3.4%	2.1%	1.4%	0.8%	2.3%	3.3%
TOTAL NONFARM EMPLOYMENT															
Idaho	693,645	706,352	719,564	733,663	747,085	693,637	703,495	719,932	741,186	760,920	693,570	700,754	701,620	712,085	725,121
% Ch	3.1%	1.8%	1.9%	2.0%	1.8%	3.1%	1.4%	2.3%	3.0%	2.7%	3.1%	1.0%	0.1%	1.5%	1.8%
U.S. (Thousands)	144,308	146,073	147,369	148,851	150,189	144,328	146,493	148,328	150,535	152,334	144,265	144,984	143,913	144,734	146,819
% Ch	1.7%	1.2%	0.9%	1.0%	0.9%	1.8%	1.5%	1.3%	1.5%	1.2%	1.7%	0.5%	-0.7%	0.6%	1.4%
GOODS-PRODUCING SECTOR															
Idaho	109,640	110,951	112,968	115,566	117,557	109,672	111,317	113,456	116,578	119,309	109,629	109,586	108,538	111,002	113,632
% Ch	5.2%	1.2%	1.8%	2.3%	1.7%	5.2%	1.5%	1.9%	2.8%	2.3%	5.2%	0.0%	-1.0%	2.3%	2.4%
U.S. (Thousands)	19,642	19,764	20,049	20,413	20,730	19,657	19,920	20,245	20,718	21,164	19,644	19,632	19,341	19,341	19,946
% Ch	0.3%	0.6%	1.4%	1.8%	1.6%	0.4%	1.3%	1.6%	2.3%	2.1%	0.3%	-0.1%	-1.5%	0.0%	3.1%
NONGOODS-PRODUCING SECTOR															
Idaho	584,006	595,401	606,596	618,098	629,528	583,966	592,179	606,476	624,608	641,612	583,941	591,168	593,082	601,084	611,489
% Ch	2.8%	2.0%	1.9%	1.9%	1.8%	2.8%	1.4%	2.4%	3.0%	2.7%	2.8%	1.2%	0.3%	1.3%	1.7%
U.S. (Thousands)	124,667	126,309	127,321	128,438	129,459	124,671	126,573	128,083	129,817	131,170	124,621	125,352	124,572	125,393	126,874
% Ch	2.0%	1.3%	0.8%	0.9%	0.8%	2.0%	1.5%	1.2%	1.4%	1.0%	1.9%	0.6%	-0.6%	0.7%	1.2%
SELECTED INTEREST RATES															
Federal Funds	0.4%	0.8%	1.5%	2.4%	2.8%	0.4%	1.2%	1.7%	2.7%	3.0%	0.4%	1.3%	0.5%	0.3%	0.4%
Bank Prime	3.5%	3.8%	4.5%	5.4%	5.8%	3.5%	4.2%	4.7%	5.7%	6.0%	3.5%	4.3%	3.5%	3.3%	3.4%
Existing Home Mortgage	3.9%	4.1%	4.8%	5.6%	5.8%	3.9%	4.3%	5.1%	5.9%	6.1%	3.9%	4.0%	4.2%	3.9%	4.2%
INFLATION															
GDP Price Deflator	1.4%	2.3%	2.2%	2.1%	2.1%	1.4%	2.6%	2.8%	2.4%	2.3%	1.4%	3.2%	3.6%	3.0%	2.5%
Personal Cons Deflator	1.1%	1.8%	1.9%	2.0%	2.1%	1.1%	2.1%	1.8%	1.9%	2.1%	1.2%	2.8%	3.1%	2.7%	2.6%
Consumer Price Index	1.3%	2.5%	2.5%	2.4%	2.5%	1.4%	3.2%	3.5%	3.1%	2.8%	1.4%	3.7%	3.3%	3.0%	3.1%

OPTIMISTIC SCENARIO

It is easy to spot the *Optimistic Scenario*: in it, real GDP growth sustains levels just recorded for the third quarter of 2016 (near 3%), employment gains continue unabatedly by matching those in 2015–2016, and oil prices have a short run to around \$60 per barrel, though they retreat to below \$50 per barrel and never surpass \$70 per barrel. The plateau of house-building seen since the second quarter of 2015 gives way to a steady increase in construction, bringing housing starts from 1.2 million units per year to 1.8 million units per year in 2020. Most dramatically, the unemployment rate never rises, and it ultimately falls below 4% for 2019–2020.

Propelling these developments is greater business investment coupled with increased productivity. Profitable technology adoption brings about both, perhaps via 3-D printing or agricultural and natural resources advances. Exports are up each year of 2017–2020 in the mid-4% range, and investment in equipment is up 6% on average during that time. Consequences of these developments are advancing real disposable incomes, up 3.2% on average in 2017–2020, and still healthy savings rates in the 5.0–6.0% range, along with improving corporate profits. These advance 6.9% per year on average. Not surprisingly, there is considerable appreciation in the stock market. The S&P 500 began December 2016 with just below 2200 points. Its predicted value in 2020 is 2800 points.

Compared with the baseline, employment in Idaho is inconsistent in the optimistic view. Projections show there are 2,900 fewer jobs in 2017, but there are 13,900 more jobs in 2020. Again, the distribution of these jobs within the economy shows little change: shares for individual sectors such as construction or leisure and hospitality are in line with those in the baseline. Not surprisingly, super-sectors such as services also hold their shares.

As mentioned earlier, the baseline sees Idaho personal income growing from \$65.4 billion to \$79.1 billion across the forecast. This scenario propels that growth, reaching \$81.4 billion in 2020. Further, the value of that income is expanded by subdued inflation in this scenario. Nominal per capita personal income grows 17.0% in the optimistic case, compared with 14.2% in the baseline case. Real per capita personal income grows 2.8% in the baseline but jumps by 5.2% in the optimistic case.

Idaho General Fund Revenue

History and Projections

The following pages describe of the sources of General Fund revenue, give both historical tax rate and distribution formula information, historical revenue collection and distribution information, and explain 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 2017 *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 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 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
INDIVIDUAL INCOME TAX	\$960.16	\$1,023.97	\$835.85	\$837.80	\$902.13	\$1,035.54	\$1,216.49	\$1,400.16	\$1,429.74	\$1,167.89
% CHANGE	14.1%	6.6%	-18.4%	0.2%	7.7%	14.8%	17.5%	15.1%	2.1%	-18.3%
CORPORATE INCOME TAX	\$124.87	\$141.53	\$76.30	\$93.13	\$103.02	\$139.56	\$194.13	\$190.22	\$189.28	\$141.03
% CHANGE	30.8%	13.3%	-46.1%	22.1%	10.6%	35.5%	39.1%	-2.0%	-0.5%	-25.5%
SALES TAX	\$627.50	\$647.29	\$657.12	\$700.24	\$886.08	\$950.83	\$880.77	\$1,077.46	\$1,141.44	\$1,022.20
% CHANGE	6.6%	3.2%	1.5%	6.6%	26.5%	7.3%	-7.4%	22.3%	5.9%	-10.4%
CIGARETTE TAX	\$7.30	\$7.98	\$8.00	\$8.26	\$30.04	\$7.81	\$7.98	\$1.00	\$6.54	\$7.77
TOBACCO PRODUCTS	\$0.00	\$4.06	\$4.31	\$4.67	\$5.49	\$5.75	\$6.16	\$6.55	\$7.20	\$7.36
BEER TAX	\$1.75	\$1.82	\$1.88	\$1.91	\$1.96	\$1.95	\$1.99	\$2.13	\$2.15	\$2.04
WINE TAX	\$1.96	\$1.90	\$1.88	\$1.97	\$2.14	\$2.33	\$2.43	\$2.48	\$2.58	\$3.28
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>\$10.24</u>	<u>\$8.38</u>	<u>\$9.29</u>
PRODUCT TAXES	\$15.96	\$20.70	\$21.02	\$21.75	\$44.57	\$22.79	\$23.50	\$22.41	\$26.84	\$29.74
% CHANGE	1.2%	29.7%	1.5%	3.5%	104.9%	-48.9%	3.1%	-4.6%	19.8%	10.8%
KILOWATT-HOUR TAX	\$2.77	\$1.80	\$1.79	\$1.80	\$1.83	\$1.53	\$2.29	\$2.26	\$1.60	\$2.02
MINE LICENSE TAX	(\$0.66)	\$0.12	\$0.82	\$0.04	\$0.07	\$0.03	\$0.27	\$2.35	\$2.52	\$0.94
INTEREST EARNINGS	\$21.56	\$22.30	\$11.33	\$2.98	\$4.97	\$8.92	\$18.12	\$17.17	\$11.37	\$0.76
COURT FEES AND FINES	\$5.31	\$5.49	\$5.19	\$5.29	\$4.98	\$4.66	\$4.79	\$5.04	\$5.33	\$5.35
INSURANCE PREMIUM TAX	\$46.43	\$55.88	\$55.37	\$59.49	\$62.77	\$60.85	\$60.38	\$59.78	\$56.34	\$55.48
ALCOHOLIC BEVERAGE LICENSES	\$1.30	\$1.22	\$1.36	\$1.39	\$1.61	\$1.64	\$1.72	\$1.81	\$1.92	\$1.61
UCC FILINGS	\$0.02	\$2.01	\$2.03	\$2.14	\$2.39	\$2.69	\$3.02	\$3.00	\$2.82	\$2.42
UNCLAIMED PROPERTY	\$2.31	\$5.81	\$0.88	\$3.76	\$3.69	\$9.83	\$1.99	\$3.31	\$5.63	\$1.78
LANDS	\$0.70	\$0.34	\$0.35	\$0.36	\$0.33	\$0.53	\$0.33	\$0.47	\$0.69	\$0.98
ONE-TIME TRANSFERS	\$4.42	\$11.19	\$7.11	\$5.46	\$51.40	\$0.86	\$0.54	\$1.54	\$2.24	\$1.43
ESTATE TAX	\$0.00	\$35.81	\$7.59	\$13.65	\$4.43	\$3.30	\$1.11	\$0.12	\$0.03	\$0.24
OTHER DEPTS & TRANSFERS	<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>	<u>\$30.18</u>	<u>\$31.70</u>
MISC. REVENUE	\$92.46	\$151.15	\$110.14	\$111.02	\$161.31	\$118.98	\$116.43	\$122.25	\$120.67	\$104.71
% CHANGE	12.0%	63.5%	-27.1%	0.8%	45.3%	-26.2%	-2.1%	5.0%	-1.3%	-13.2%
TOTAL GENERAL FUND*	\$1,820.96	\$1,984.64	\$1,700.43	\$1,763.95	\$2,097.10	\$2,267.69	\$2,431.31	\$2,812.49	\$2,907.98	\$2,465.57
% CHANGE	12.1%	9.0%	-14.3%	3.7%	18.9%	8.1%	7.2%	15.7%	3.4%	-15.2%

* Totals may not add due to rounding.

GENERAL FUND REVENUE
(\$ MILLION)

SOURCE	ACTUAL							FORECAST	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
INDIVIDUAL INCOME TAX	\$1,061.88	\$1,152.65	\$1,206.407	\$1,284.384	\$1,329.265	\$1,470.857	\$1,513.169	\$1,590.852	\$1,666.778
% CHANGE	-9.1%	8.5%	4.7%	6.5%	3.5%	10.7%	2.9%	5.1%	4.8%
CORPORATE INCOME TAX	\$97.02	\$168.95	\$187.014	\$198.659	\$188.291	\$215.403	\$186.869	\$202.458	\$215.894
% CHANGE	-31.2%	74.1%	10.7%	6.2%	-5.2%	14.4%	-13.2%	8.3%	6.6%
SALES TAX	\$955.91	\$972.38	\$1,027.344	\$1,109.829	\$1,145.732	\$1,218.770	\$1,303.028	\$1,379.670	\$1,447.141
% CHANGE	-6.5%	1.7%	5.7%	8.0%	3.2%	6.4%	6.9%	5.9%	4.9%
CIGARETTE TAX	\$16.90	\$14.40	\$11.600	\$13.077	\$3.696	\$3.338	\$7.900	\$9.948	\$7.306
TOBACCO PRODUCTS	\$7.82	\$8.48	\$8.925	\$10.013	\$9.884	\$10.505	\$11.596	\$11.431	\$11.679
BEER TAX	\$2.07	\$1.97	\$1.944	\$1.928	\$1.891	\$1.911	\$1.934	\$1.991	\$2.016
WINE TAX	\$3.00	\$3.21	\$3.454	\$3.909	\$4.135	\$4.238	\$4.481	\$4.677	\$4.856
LIQUOR SURCHARGE	<u>\$11.39</u>	<u>\$14.76</u>	<u>\$17.248</u>	<u>\$20.925</u>	<u>\$24.210</u>	<u>\$25.480</u>	<u>\$25.890</u>	<u>\$28.880</u>	<u>\$30.184</u>
PRODUCT TAXES	\$41.18	\$42.82	\$43.172	\$49.851	\$43.815	\$45.471	\$51.801	\$56.926	\$56.041
% CHANGE	38.5%	4.0%	0.8%	15.5%	-12.1%	3.8%	13.9%	9.9%	-1.6%
KILOWATT-HOUR TAX	\$2.138	\$2.430	\$2.982	\$1.920	\$1.840	\$1.918	\$1.877	\$1.900	\$2.000
MINE LICENSE TAX	\$1.797	\$1.536	\$2.025	\$0.531	\$0.519	\$0.069	(\$0.247)	\$0.500	\$0.600
INTEREST EARNINGS	(\$1.318)	(\$0.431)	(\$0.604)	\$0.356	(\$0.366)	(\$1.571)	\$0.324	(\$0.482)	\$2.119
COURT FEES AND FINES	\$5.384	\$5.117	\$4.849	\$4.592	\$4.356	\$6.141	\$6.025	\$9.013	\$9.143
INSURANCE PREMIUM TAX	\$53.632	\$54.118	\$56.580	\$55.622	\$59.356	\$61.747	\$72.123	\$73.008	\$69.616
ALCOHOLIC BEVERAGE LICENSES	\$1.469	\$1.524	\$1.557	\$0.128	\$0.000	(\$0.003)	\$0.000	\$0.000	\$0.000
UCC FILINGS	\$2.419	\$2.413	\$2.428	\$2.538	\$2.702	\$2.765	\$3.009	\$3.210	\$3.410
UNCLAIMED PROPERTY	\$8.225	\$4.512	\$8.888	\$6.997	\$5.655	\$6.293	\$9.928	\$6.500	\$6.500
LANDS	\$0.647	\$0.622	\$1.042	\$0.830	\$1.231	\$0.720	\$0.000	\$0.092	\$0.048
ONE-TIME TRANSFERS	\$1.544	\$4.882	\$16.155	\$4.530	\$4.222	\$1.987	\$8.596	\$2.852	\$0.000
ESTATE TAX	(\$0.173)	\$0.521	(\$0.022)	\$0.063	\$0.304	\$0.000	\$0.000	\$0.000	\$0.000
OTHER DEPTS & TRANSFERS	<u>\$32.706</u>	<u>\$30.433</u>	<u>\$27.897</u>	<u>\$29.453</u>	<u>\$28.508</u>	<u>\$26.198</u>	<u>\$27.192</u>	<u>\$28.047</u>	<u>\$28.147</u>
MISC. REVENUE	\$108.47	\$107.68	\$123.777	\$107.559	\$108.327	\$106.265	\$128.828	\$124.639	\$121.584
% CHANGE	3.6%	-0.7%	15.0%	-13.1%	0.7%	-1.9%	21.2%	-3.3%	-2.5%
TOTAL GENERAL FUND*	\$2,264.46	\$2,444.47	\$2,587.713	\$2,750.282	\$2,815.429	\$3,056.766	\$3,183.694	\$3,354.545	\$3,507.437
% CHANGE	-8.2%	7.9%	5.9%	6.3%	2.4%	8.6%	4.2%	5.4%	4.6%

* Totals may not add due to rounding.

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INDIVIDUAL INCOME TAX

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

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

INDIVIDUAL INCOME TAX RATE HISTORY

Tax 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	\$20001+
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+		
2015	\$0-1452	\$1453-2904	\$2905-4356	\$4357-5808	\$5809-7260	\$7261-10890	\$10891+		
2016	\$0-1454	\$1455-2908	\$2909-4362	\$4363-5816	\$5817-7270	\$7271-10905	\$10906+		
	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. 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. 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. Beginning in FY 2001, withholding collections on Idaho lottery winnings are distributed to public schools and counties.

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 checkoffs 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 2017 and FY 2018 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	Actual	1,809,574.8	330,705.5	1,470,857.0	6,282.6	1,729.8
FY16	Actual	1,889,855.0	367,858.8	1,513,168.5	6,282.6	2,545.1
FY17	Projection	1,981,708.6	381,786.1	1,590,851.7	6,370.6	2,700.2
FY18	Projection	2,075,181.1	399,067.1	1,666,778.5	6,466.1	2,869.3

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

2. Includes the impact from a 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%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
1957	8.0% + 10% Surcharge in 1957 and 1958.						
1959	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
1963	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
1965	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
1972	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
1981	6.5% + 0.2% franchise tax up to \$250,000.						
1983	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%
1987	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
2001	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%
2012	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	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 2017 and FY 2018 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	Actual	236,860.1	19,778.1	215,402.9	615.3	1,063.9
FY16	Actual	222,753.1	33,757.7	186,869.1	694.4	1,431.8
FY17	Projection	240,291.0	36,415.5	202,458.5	704.2	712.9
FY18	Projection	256,237.1	38,832.1	215,893.9	714.7	796.4

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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. Sales tax receipts are distributed in the following manner. Revenue sharing receives 11.5% of the gross sales tax collections less refunds. 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 \$18,889,735 is currently 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
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>	4,5,6,7,8

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 personal 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 2017 and FY 2018 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	Refunds	Distributions								Misc. Dist.	
				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		
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	Actual	1,456,971.4	5,534.5	1,218,769.7	5,000.0	166,329.4	0.0	4,800.0	16,318.8	18,921.8	8,487.1		12,810.1 ^{3,5,6}
FY16	Actual	1,553,033.9	4,839.9	1,303,027.5	5,000.0	177,834.0	0.0	4,800.0	16,606.1	18,889.7	8,487.1		13,549.5 ^{3,5,6}
FY17	Projection	1,641,519.7	4,800.0	1,379,670.0	5,000.0	188,222.8	0.0	4,800.0	16,837.0	18,889.7	8,487.1		14,813.1
FY18	Projection	1,720,759.9	6,485.6	1,447,140.6	5,000.0	197,141.5	0.0	4,800.0	17,087.8	18,889.7	8,487.1		15,727.5

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 School Bond Levy Equalization Program. All remaining revenues are 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 School 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			

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 2017 and FY 2018 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 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	Actual	36,363.6	3,337.6	5,000.0	9,960.7	0.4	0.0	300.0	120.0	3,315.0	3,315.0	0.0	4,700.0	5,000.0	1,315.0	
FY16	Actual	37,016.0	7,900.0	5,000.0	0.0	17.1	0.0	300.0	120.0	3,315.0	3,315.0	0.0	4,700.0	5,000.0	7,348.9	
FY17	Projection	35,670.0	9,947.5	5,000.0	0.0	73.3	0.0	300.0	120.0	3,315.0	3,315.0	0.0	4,700.0	5,000.0	3,899.3	
FY18	Projection	34,239.6	7,305.8	5,000.0	0.0	73.3	0.0	300.0	120.0	3,315.0	3,315.0	0.0	4,700.0	5,000.0	5,110.5	

TOBACCO PRODUCTS TAX

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

Idaho levies a 35% tax on the wholesale price of tobacco products, except 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 \$200,000 appropriated to Idaho State Police and \$80,000 to the Commission on Hispanic Affairs. 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%
Jul-2014	0.0%	35.0%	2.5% ²	2.5%

1. \$250,000 of this amount goes to Idaho State Police.
2. \$200,000 of this amount goes to Idaho State Police and \$80,000 goes to the Commission on Hispanic Affairs.

Basis of Projection:

The projections of General Fund revenues from this source for FY 2017 and FY 2018 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	Actual	12,024.6	10,504.5	19.4	0.0	750.3	750.3
FY16	Actual	13,397.3	11,595.6	145.1	0.0	828.3	828.3
FY17	Projection	13,090.2	11,430.9	23.1	0.0	818.1	818.1
FY18	Projection	13,373.6	11,678.9	23.1	0.0	835.9	835.9

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 remaining 47% goes 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 2017 and FY 2018 are based on an assessment of recent collections, Idaho per capita personal income, and a time 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	Actual	4,066.8	1,911.3	1,342.0	0.2	0.0	813.3
FY16	Actual	4,115.9	1,934.4	1,358.2	0.2	0.0	823.1
FY17	Projection	4,239.1	1,991.0	1,397.9	3.0	0.0	847.2
FY18	Projection	4,292.8	2,016.2	1,415.6	3.0	0.0	858.0

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 remaining 83% goes 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 2017 and FY 2018 are based on Idaho per capita personal income and a trend factor.

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	Actual	5,115.5	4,237.6	10.0	0.0	612.7	255.3
FY16	Actual	5,407.6	4,481.2	8.6	0.0	647.9	270.0
FY17	Projection	5,641.7	4,677.0	6.8	0.0	676.2	281.7
FY18	Projection	5,857.2	4,855.8	6.8	0.0	702.0	292.5

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 2017 and FY 2018 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	Actual	1,917.8	0.0	1,917.8
FY16	Actual	1,876.6	0.0	1,876.6
FY17	Projection	1,900.0	0.0	1,900.0
FY18	Projection	2,000.0	0.0	2,000.0

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 remaining 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 remaining 34% goes to the Abandoned Mine Reclamation Fund.

Basis of Projection:

The projections of General Fund revenue from this source for FY 2017 and FY 2018 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	Actual	775.9	670.9	0.0	35.7	69.3
FY16	Actual	30.8	405.7	0.0	-127.4	-247.4
FY17	Projection	794.8	37.2	0.0	257.6	500.0
FY18	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 net income 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.	Distributions												Cities & Counties				
			Gen. Fund	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							4,485.1					
FY86	Actual	12,294.5	4,945.0	1,200.0	300.0	650.0	1,200.0							3,999.5					
FY87	Actual	12,294.8	4,945.0	1,200.0	300.0	650.0	1,200.0							3,999.8					
FY88	Actual	10,795.0	4,945.0	1,200.0	300.0	650.0	1,200.0							2,500.0					
FY89	Actual	11,377.9	4,945.0	1,200.0	300.0	650.0	1,200.0							3,082.9					
FY90	Actual	12,425.0	4,945.0	1,200.0	300.0	650.0	1,200.0							4,130.0					
FY91	Actual	12,268.3	4,945.0	1,200.0	300.0	650.0	1,200.0							3,973.3					
FY92	Actual	12,999.1	4,945.0	1,200.0	300.0	650.0	1,200.0							4,704.1					
FY93	Actual	12,802.8	4,945.0	1,200.0	300.0	650.0	1,200.0							4,507.8					
FY94	Actual	26,149.3	4,945.0	1,200.0	300.0	650.0	1,200.0	6,255.8							11,178.5				
FY95	Actual	18,449.3	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0							10,154.3				
FY96	Actual	16,578.1	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0							8,283.1				
FY97	Actual	17,417.3	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0							9,122.3				
FY98	Actual	16,605.7	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0							8,310.7				
FY99	Actual	18,584.1	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0							10,289.1				
FY00	Actual	19,891.7	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0	1,000.0							10,596.7			
FY01	Actual	20,293.9	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0	0.0							11,998.9			
FY02	Actual	21,100.7	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0	0.0							12,805.7			
FY03	Actual	23,163.0	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0	0.0							14,868.0			
FY04	Actual	27,775.0	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0	0.0	2,050.0							17,430.0		
FY05	Actual	33,826.0	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0	0.0	1,811.0	7,200.0							16,520.0	
FY06	Actual	29,737.1	4,945.0	1,200.0	300.0	650.0	1,200.0	0.0	0.0	2,082.1	0.0	2,000.0							17,360.0
FY07	Actual	42,512.6	10,242.2	1,200.0	300.0	650.0	1,200.0	0.0	0.0	2,313.9	0.0	2,000.0							24,606.6
FY08	Actual	43,774.3	8,378.5	0.0	300.0	650.0	1,200.0	0.0	0.0	3,188.9	0.0	3,245.4	2,080.0	440.0	24,291.5				
FY09	Actual	44,475.7	9,294.0	0.0	600.0	650.0	1,200.0	0.0	0.0	3,315.7	0.0	0.0	2,080.0	440.0	26,896.0				
FY10	Actual	44,091.4	11,394.0	0.0	600.0	650.0	1,200.0	0.0	0.0	3,301.4	0.0	0.0	2,080.0	440.0	24,426.0				
FY11	Actual	49,698.6	14,761.4	0.0	600.0	650.0	1,200.0	0.0	0.0	3,416.6	0.0	0.0	2,080.0	440.0	26,550.6				
FY12	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	27,202.0				
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	29,345.0				
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	30,440.0				
FY15	Actual	65,720.7	25,480.0	0.0	600.0	650.0	1,200.0	0.0	0.0	4,070.7	0.0	0.0	2,080.0	440.0	31,200.0				
FY16	Actual	66,656.6	25,890.0	0.0	600.0	650.0	1,200.0	0.0	0.0	4,296.6	0.0	0.0	2,080.0	440.0	31,500.0				
FY17	Projection	72,835.3	28,880.0	0.0	600.0	650.0	1,200.0	0.0	0.0	4,455.3	0.0	0.0	2,080.0	440.0	34,530.0				
FY18	Projection	75,615.1	30,184.1	0.0	600.0	650.0	1,200.0	0.0	0.0	4,627.0	0.0	0.0	2,080.0	440.0	35,834.1				

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 2017 and FY 2018 are based on an assessment of the State Treasurer's fund balances, forecasts of interest rates, and agency expectations. The FY 2017 projection includes the approximately \$2.0 million net cost associated with the issuance of this year's tax anticipation note. The FY 2018 projection does not include tax anticipation note earnings or costs.

COURT FEES AND FINES

Description: (Sections 1-402, 19-4705, and 31-3201H, *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. In addition to the previous two items, 80% of the court surcharge fees are distributed to the General Fund beginning in FY 2017.

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

Basis of Projection:

The projections of General Fund revenue from this source for FY 2017 and FY 2018 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.) In addition, distributions are made to the Fireman's Retirement and Insolvency Administration funds. All remaining revenue is directed to the General Fund. Starting in FY 2018, twenty-five percent of the net tax collected in excess of \$45 million is paid to the Idaho High Risk Individual Reinsurance Pool and the remainder is deposited into 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 2017 and FY 2018 are based on forecasts of insurance premium growth, trends in insurance rates and coverage, and company insolvencies that result in credits taken for guaranty association assessments. These variables and parameters are 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 other intangible property 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.

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

Basis of Projection:

The projections of miscellaneous General Fund revenues for FY 2017 and FY 2018 are based on a subjective assessment of recent collection history and expected transfers.

ESTATE AND TRANSFER TAX

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

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 expired 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 federal credit for state estate taxes paid and no Idaho estate and transfer tax due.

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	Actual	0.0	-1,571.3	6,141.5	61,747.1	-3.2	6,293.3	2,764.7	720.0	1,987.3	26,198.5
FY16	Actual	0.0	324.4	6,024.8	72,123.3	0.0	9,928.4	3,009.0	0.3	8,596.3	27,191.8
FY17	Projection	0.0	-482.4	9,013.4	73,007.7	0.0	6,500.0	3,209.5	91.6	2,851.9	28,046.9
FY18	Projection	0.0	2,118.5	9,143.5	69,616.0	0.0	6,500.0	3,410.0	48.3	0.0	28,147.3

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

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INTRODUCTION

This is a 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 typically 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.

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 good (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. 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.

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. 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 applies 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 is because all income that falls into a particular bracket is taxed at that bracket's rate.

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. 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 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. 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.

Sales and income tax expenditures 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. Individual income tax rates progress from an initial rate 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: expenditures based on the source of income (exclusions) and expenditures 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
Right Income Adjustment Credit
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 (Sunset 2020)
Small Employer Real Property Improvement Credit (Sunset 2020)
Small Employer New Jobs Credit (Sunset 2020)
Live Organ Donation Expenses Credit
Biofuel Investment Tax Credit (Sunset 2011)
Special Job Credit (Sunset 2016)
Reimbursement Incentive Credit
Certain Charitable Contributions Deduction

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
- 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)
- Vehicles and Vessels Sold to Nonresidents
- 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 (Sunset 2016)
State Tax Anticipation Revenue
Motor Vehicles of Nonresident Students
Personal Property of Military Personnel
Beverage and Food Samples
Beverage and Food Donations
Prepared Beverage and Food Given to Employees

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

Goods Not Taxed

Motor Fuels
Heating Materials
Utility Sales
Used Manufactured 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

	CY2013	CY2014	CY2015	CY2016	CY2017	CY2018
1 Income Tax Expenditures (Calendar Year Basis)						
1.1 Uses of Income Not Taxed						
1.1.01 Investment Tax Credit	\$25,349	\$41,756	\$43,579	\$42,710	\$44,396	\$46,730
1.1.02 Other States Tax Credit	\$71,753	\$73,240	\$76,613	\$78,938	\$82,373	\$86,403
1.1.03 Elderly Dependent Credit	\$754	\$782	\$812	\$844	\$878	\$913
1.1.04 Youth and Rehabilitation Credit	\$8,113	\$8,607	\$9,004	\$9,277	\$9,681	\$10,154
1.1.05 Schools, Libraries, and Museums Credit	\$7,844	\$8,303	\$8,686	\$8,949	\$9,364	\$9,822
1.1.06 Grocery Credit	\$118,584	\$130,462	\$142,445	\$144,512	\$146,607	\$148,754
1.1.07 Recycling Equipment Credit	\$0	\$8	\$16	\$16	\$16	\$16
1.1.08 Technological Equipment Deduction	\$57	\$58	\$61	\$63	\$65	\$68
1.1.09 Long-Term Care Insurance Deduction	\$1,315	\$1,463	\$1,467	\$1,483	\$1,503	\$1,527
1.1.10 Alternative Energy Device Deduction	\$321	\$336	\$350	\$361	\$377	\$395
1.1.11 Insulation Deduction	\$1,165	\$1,193	\$1,243	\$1,281	\$1,335	\$1,400
1.1.12 Workers' Compensation Premium Deduction	\$400	\$400	\$400	\$400	\$400	\$400
1.1.13 Child Care Deduction	\$4,008	\$4,091	\$4,093	\$4,114	\$4,141	\$4,176
1.1.14 College Savings Deduction	\$1,843	\$2,044	\$2,136	\$2,201	\$2,296	\$2,408
1.1.15 Health Insurance Deduction	\$16,839	\$18,717	\$19,722	\$20,886	\$21,859	\$22,830
1.1.16 Elderly and Developmental Disability Deduction	\$9	\$46	\$47	\$49	\$51	\$53
1.1.17 Adoption Expense Deduction	\$26	\$32	\$44	\$44	\$44	\$44
1.1.18 Medical Savings Account Deduction	\$725	\$936	\$975	\$1,005	\$1,048	\$1,098
1.1.19 Right Income Adjustment Credit	\$0	\$0	\$40	\$40	\$40	\$40
1.1.20 Riparian Land Improvements Credit	Sunset	Sunset	Sunset	Sunset	Sunset	Sunset
1.1.21 Broadband Investment Credit	\$1,347	\$1,347	\$1,406	\$1,378	\$1,432	\$1,508
1.1.22 County Incentive Investment Tax Credit	Sunset	Sunset	Sunset	Sunset	Sunset	Sunset
1.1.23 Research Activity Credit	\$1,990	\$3,109	\$3,244	\$3,180	\$3,305	\$3,479
1.1.24 Promoter Sponsored Events Credit	\$2	\$2	\$10	\$10	\$10	\$10
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	\$2,118	\$1,038	\$670	\$670	\$670	\$670
1.1.29 Small Employer Real Property Improvement Credit	\$478	\$357	\$126	\$126	\$126	\$126
1.1.30 Small Employer New Jobs Credit	\$157	\$0	\$74	\$74	\$74	\$74
1.1.31 Live Organ Donation Expenses Credit	\$23	\$42	\$34	\$34	\$34	\$34
1.1.32 Biofuel Investment Tax Credit	Sunset	Sunset	Sunset	Sunset	Sunset	Sunset
1.1.33 Special Job Credit	\$0	\$0	\$0	\$0	Sunset	Sunset
1.1.34 Reimbursement Incentive Credit	\$0	\$0	\$3,000	\$6,000	\$9,000	\$12,000
1.1.35 Certain Charitable Contributions Deduction	\$0	\$25	\$25	\$25	\$25	\$25
1.2 Sources of Income Not Taxed						
1.2.01 Capital Gains Exclusion	\$13,399	\$17,535	\$18,423	\$18,979	\$19,796	\$20,753
1.2.02 Government Interest Exclusion	\$1,448	\$1,507	\$1,554	\$1,587	\$1,642	\$1,718
1.2.03 Social Security Exclusion	\$66,409	\$74,105	\$77,703	\$80,497	\$83,433	\$88,142
1.2.04 Railroad Retirement Exclusion						
1.2.05 Retirement Benefit Exclusion	\$7,455	\$8,265	\$8,647	\$8,958	\$9,277	\$9,803
1.2.06 Idaho Lottery Winnings Exclusion	\$4,986	\$5,071	\$5,159	\$5,248	\$5,432	\$5,339
1.2.07 Indian Earnings on Reservation Exclusion	\$645	\$680	\$711	\$733	\$765	\$802
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	\$250	\$250	\$250	\$250	\$250	\$250
1.2.11 Nonresident Guaranteed Partnership Income Exclusion	\$440	\$440	\$440	\$440	\$440	\$440

Idaho's Tax Structure

Fiscal Summary

\$ Thousands

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
2 Sales Tax Expenditures (Fiscal Year Basis)						
2.1 Specific Uses Not Taxed						
2.1.01 Production Exemption - Equipment	\$103,299	\$109,792	\$112,328	\$112,660	\$118,047	\$124,771
2.1.02 Production Exemption - Supplies	\$78,197	\$83,112	\$85,032	\$85,284	\$89,361	\$94,451
2.1.03 Irrigation Equipment and Supplies	\$4,118	\$4,221	\$4,327	\$4,435	\$4,546	\$4,660
2.1.04 Pollution Control Equipment	\$11,278	\$11,812	\$11,051	\$11,498	\$12,518	\$13,349
2.1.05 Broadcast Equipment and Supplies	\$2,568	\$2,729	\$2,758	\$2,764	\$2,896	\$3,061
2.1.06 Publishing Equipment and Supplies	\$165	\$175	\$177	\$177	\$186	\$196
2.1.07 Commercial Aircraft	\$2,054	\$2,054	\$2,054	\$2,154	\$2,154	\$2,154
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	\$6,970	\$7,523	\$7,610	\$7,975	\$8,493	\$8,966
2.1.10 Out-of-State Contracts	\$4,280	\$4,549	\$4,597	\$4,605	\$4,824	\$5,099
2.1.11 Trade-in Value	\$29,756	\$32,118	\$32,488	\$34,049	\$36,259	\$38,278
2.1.12 Sale or Lease of Businesses or Business Assets	\$2,031	\$2,159	\$2,182	\$2,185	\$2,290	\$2,420
2.1.13 SNAP/WIC	\$18,819	\$17,454	\$17,579	\$17,939	\$18,494	\$19,029
2.1.14 Vehicles and Vessels Sold to Nonresidents	\$16,621	\$17,940	\$18,324	\$19,181	\$20,424	\$21,561
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	\$87	\$88	\$88	\$91	\$94	\$98
2.1.19 School Lunches and Senior Citizen Meals	\$4,831	\$4,904	\$4,994	\$5,044	\$5,238	\$5,474
2.1.20 Drivers Education Automobiles	\$39	\$39	\$39	\$39	\$39	\$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	Sunset	Sunset	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	\$306	\$331	\$334	\$350	\$373	\$394
2.1.28 Media Production Projects	\$71	\$74	\$76	Sunset	Sunset	Sunset
2.1.29 State Tax Anticipation Revenue	\$5,436	\$7,196	\$8,438	\$9,238	\$10,038	\$10,838
2.1.30 Motor Vehicles of Nonresident Students	\$25	\$25	\$26	\$26	\$26	\$26
2.1.31 Personal Property of Military Personnel	NA	NA	NA	NA	NA	NA
2.1.32 Beverage and Food Samples	\$15	\$16	\$16	\$16	\$17	\$17
2.1.33 Beverage and Food Donations	\$0	\$10	\$10	\$10	\$10	\$10
2.1.34 Prepared Beverage and Food Given to Employees	\$0	\$40	\$160	\$160	\$160	\$160
2.2 Goods Not Taxed						
2.2.01 Motor Fuels	\$196,973	\$164,818	\$135,402	\$134,482	\$145,405	\$158,879
2.2.02 Heating Materials	\$6,030	\$5,092	\$3,922	\$4,097	\$4,475	\$4,682
2.2.03 Utility Sales	\$99,042	\$102,013	\$105,074	\$108,226	\$111,473	\$114,817
2.2.04 Used Manufactured 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	\$51,031	\$56,138	\$61,483	\$65,697	\$70,177	\$75,896
2.2.07 Funeral Caskets	\$1,485	\$1,530	\$1,576	\$1,623	\$1,672	\$1,722
2.2.08 Containers	\$41	\$41	\$41	\$42	\$44	\$46
2.2.09 Nonprofit Literature	\$137	\$138	\$140	\$142	\$144	\$146
2.2.10 Official Documents	\$68	\$69	\$69	\$70	\$72	\$73
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	\$2,348	\$2,411	\$2,449	\$2,521	\$2,599	\$2,694
2.2.14 Telecommunications Equipment	\$2,062	\$2,268	\$2,495	\$2,745	\$3,019	\$3,321
2.2.15 Personal Property Tax on Rentals	\$400	\$400	\$400	\$400	\$400	\$400
2.2.16 Remotely-Accessed Computer Software	\$0	\$6,832	\$8,042	\$8,328	\$8,601	\$8,916

Idaho's Tax Structure

Fiscal Summary

\$ Thousands

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
2.3 Services Not Taxed						
2.3.01 Construction	\$119,216	\$130,906	\$144,328	\$153,758	\$165,943	\$178,825
2.3.02 Agricultural and Industrial Services	\$8,010	\$8,193	\$8,314	\$8,517	\$8,737	\$8,996
2.3.03 Transportation Services	\$41,097	\$43,344	\$44,583	\$45,589	\$48,574	\$51,178
2.3.04 Information Services	\$86,247	\$87,413	\$88,534	\$89,819	\$91,121	\$92,455
2.3.05 Repairs	\$46,831	\$49,281	\$51,467	\$53,925	\$56,377	\$59,044
2.3.06 Professional Services	\$227,265	\$239,158	\$249,762	\$261,694	\$273,591	\$286,534
2.3.07 Business Services	\$116,753	\$122,862	\$128,310	\$134,440	\$140,552	\$147,201
2.3.08 Personal Services	\$10,497	\$11,046	\$11,536	\$12,087	\$12,636	\$13,234
2.3.09 Health and Medical Services	\$449,294	\$476,686	\$502,797	\$530,728	\$554,397	\$581,060
2.3.10 Social Services	\$68,326	\$72,492	\$76,463	\$80,710	\$84,310	\$88,364
2.3.11 Educational Services	\$49,061	\$51,628	\$53,917	\$56,493	\$59,061	\$61,855
2.3.12 Lottery Tickets and Pari-Mutuel Betting	\$11,388	\$11,819	\$12,267	\$12,733	\$13,217	\$13,721
2.3.13 Media Measurement Services	\$70	\$72	\$74	\$77	\$79	\$81
2.3.14 Miscellaneous Services	\$3,601	\$3,790	\$3,958	\$4,147	\$4,335	\$4,540
2.3.15 Nonprofit Shooting Range Fees	\$37	\$39	\$41	\$43	\$45	\$47
2.3.16 Gratuities for Meals	\$207	\$214	\$215	\$220	\$227	\$233
2.4 Specific Entities Not Taxed						
2.4.01 Educational Institution Purchases	\$10,368	\$9,618	\$8,558	\$8,769	\$9,092	\$9,416
2.4.02 Hospital Purchases	\$26,402	\$28,011	\$29,545	\$31,187	\$32,578	\$34,144
2.4.03 Health Entity Purchases	\$433	\$452	\$467	\$487	\$507	\$531
2.4.04 Canal Company Purchases	\$1,040	\$1,049	\$1,056	\$1,072	\$1,092	\$1,113
2.4.05 Forest Protective Association Purchases	\$46	\$46	\$46	\$47	\$48	\$49
2.4.06 Food Bank Purchases	\$310	\$324	\$335	\$349	\$363	\$380
2.4.07 Nonsale Clothier Purchases	\$1	\$1	\$1	\$1	\$1	\$1
2.4.08 Centers for Independent Living	\$6	\$6	\$6	\$6	\$7	\$7
2.4.09 State of Idaho and Local Government Purchases	\$25,935	\$25,312	\$24,403	\$25,051	\$26,014	\$27,157
2.4.10 Ronald McDonald House Rooms	\$1	\$1	\$1	\$1	\$1	\$1
2.4.11 INL Research and Development Purchases	\$5,046	\$5,485	\$5,671	\$5,794	\$6,083	\$6,441
2.4.12 Motor Vehicle Purchases by Family Members	\$1,950	\$2,105	\$2,129	\$2,232	\$2,376	\$2,509
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)	\$3,562	\$3,717	\$3,842	\$4,001	\$4,173	\$4,363
2.4.15 Sales by Indian Tribes on Reservations	\$5,609	\$5,676	\$5,686	\$5,821	\$6,054	\$6,322
2.4.16 Sales of Meals by Churches to Members	\$13	\$14	\$14	\$14	\$14	\$15
2.4.17 Sales by Outfitters and Guides	\$16	\$16	\$16	\$16	\$16	\$16
2.4.18 Sales Through Vending Machines	\$2,517	\$2,596	\$2,614	\$2,668	\$2,750	\$2,830
2.4.19 Auto Manufacturer Rebates	\$643	\$694	\$702	\$736	\$784	\$828
2.4.20 Incidental Sales by Churches	\$892	\$931	\$962	\$1,002	\$1,045	\$1,093
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	\$201	\$209	\$216	\$225	\$235	\$246
2.4.25 Senior Citizens Centers	\$48	\$50	\$52	\$54	\$56	\$59
2.4.26 Blind Services Foundation, Inc.	\$8	\$9	\$9	\$9	\$10	\$10
2.4.27 Advocates for Survivors of Domestic Violence and Sexual Assault	\$10	\$11	\$11	\$11	\$12	\$13
2.4.28 Free Dental Clinics	\$11	\$12	\$12	\$13	\$13	\$14
2.4.29 Museums	\$219	\$228	\$236	\$246	\$256	\$268

TAX STRUCTURE DETAIL

Specific Idaho tax expenditures are detailed in the sections below. Each section contains the relevant *Idaho Code* reference, a brief description of the expenditure, 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; to the Idaho Council for the Deaf and Hard of Hearing; or to the Idaho STEM action center. 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. Deductions for donations to certain educational foundations, trusts, or associations are not allowed after December 31, 2019.

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. Amended in 2016 to include donations to the Idaho STEM action center.

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 each dependent. After that year, the credit increased by \$10 per year until it reached \$100. The grocery tax credit for households with more than \$1,000 of taxable income started at \$30 in 2008 and increased by \$10 annually until it reached \$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 residents under 65 years of age.

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 defined in Chapter 54, Title 33, *Idaho Code*. The amount of 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, to eliminate administrative responsibilities from the depository institution, and to 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 Right Income Adjustment Credit *Idaho Code 63-3029F*

Description: A refundable credit for the difference between the Idaho state income tax liability for the year income was included in taxable income and the Idaho state income tax that would have been paid had the income not been included in taxable under the claim of right doctrine. Applies in situations where a taxpayer does not receive a benefit from the deduction thereby effectively paying tax on income they had fully repaid.

History: Enacted in 2015.

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 expenses associated with a live organ donation. Only the portion of direct expenses that are not reimbursed is eligible. 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.

1.1.35 Certain Charitable Contributions Deduction *Idaho Code 63-3022U*

Description: This deduction is allowed when a net operating loss occurs in the same tax period as a charitable contribution and causes the taxpayer to lose part of the charitable contribution deduction. This allows an additional deduction in the amount of the charitable contribution deduction that was lost.

History: Enacted in 2015. Effective January 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. These properties include: 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. Amended in 2015 to allow exclusion to owners for income from pass-through entities that derive at least half their gross income from farming or ranching.

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. Expanded in 2015 to include benefits of the Foreign Service Retirement and Disability System.

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 2.1.34 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 produced by the 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 entitled 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, mining, and fishing and hunting operations. 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: 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, the 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. Amended in 2015 to include hand tools with a unit purchase price of \$100 or less and fishing and hunting operations. Expanded in 2016 to include hand tools used in other industries.

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. However, 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, including those attached to real property and regardless 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 and 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 to include parts used in nonresident, private aircraft. Expanded in 2016 to include aircraft used primarily in wildfire fighting operations.

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 Vehicles and Vessels Sold to Nonresidents *Idaho Code 63-3622R(a)*

Description: Exempts from the sales tax certain vehicles and vessels sold to nonresidents for use outside the state.

History: Originally enacted as 63-3622(q) in 1965, it exempted motor vehicles and trailers sold in Idaho for use out-of-state. Amended in 2015 to exempt utility type vehicles and other specialty off-highway vehicles.

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 the State of Idaho, its political subdivisions, or a nonprofit listed in 63-3622O, where the donated 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 December 31, 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. Sunset 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 threshold 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.

2.1.34 Prepared Beverage and Food Given to Employees *Idaho Code 63-3621(p)*

Description: Exempts food or beverages provided free of charge to their employees by food and beverage retailers.

History: Enacted in 2015.

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 Manufactured 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 63-3622H*

Description: Exempts money-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, artificial 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 dental fillings and qualified items prescribed by physician assistants. Amended in 2015 to include eyeglasses and contact lenses.

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 computer software that are delivered by the load and leave method. Digital music, digital books, digital videos, and digital games are not tangible personal property subject to the sales tax if purchaser does not have permanent rights to the product.

History: Enacted in 2013 excluding remotely-accessed computer software. Amended in 2014 to exclude computer software delivered electronically or by the load and leave method. Amended in 2015 to specify that digital music, digital books, digital videos, and digital games are not tangible personal property subject to the sales tax if purchaser does not have permanent rights to the product.

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, 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 a 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.

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 retailers. 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 made by Idaho Indian tribal businesses on an Indian reservation from sales and use taxes. This exemption includes a detailed definition of a 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	Right Income Adjustment 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
1.1.35	Certain Charitable Contributions Deduction	63-3022U
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

	Title	Idaho Code
1.2.10	Certain Loss Recoveries Deduction	63-3022R
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	Vehicles and Vessels Sold to Nonresidents	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)
2.1.34	Prepared Beverage and Food Given to Employees	63-3621(p)
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 Manufactured 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

	Title	Idaho Code
2.2.08	Containers	63-3622E
2.2.09	Nonprofit Literature	63-3622I
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

	Title	Idaho Code
2.4.23	Other Federal and State Statutory Prohibitions	Various
2.4.24	Volunteer Fire Departments and Emergency Medical Service	63-3622O(1)(g)
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
63-3022U	1.1.35	Certain Charitable Contributions Deduction
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	Right Income Adjustment 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

Idaho Code		Title
63-3612	2.1.18	Lodging, Eating, and Drinking Places
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
63-3621(p)	2.1.34	Prepared Beverage and Food Given to Employees
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 2.1.02	Production Exemption - Equipment 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 2.4.16	School Lunches and Senior Citizen Meals Sales of Meals by Churches to Members
63-3622JJ	2.1.01 2.1.02	Production Exemption - Equipment 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

Idaho Code		Title
63-3622NN	2.1.22	Clean Rooms
63-3622O(1)(a)	2.4.01 2.4.02 2.4.03 2.4.04 2.4.05	Educational Institution Purchases Hospital Purchases Health Entity Purchases Canal Company Purchases 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	Vehicles and Vessels Sold to Nonresidents
63-3622R(b)	2.2.04	Used Manufactured 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 2.3.12	Idaho Lottery Winnings Exclusion Lottery Tickets and Pari-Mutuel Betting