

General Fund Revenue Book

- Economic Forecast
- Revenue Projections
- Tax Structure

Fiscal Year 2022

July 1, 2021 - June 30, 2022



BRAD LITTLE
Governor

State of Idaho
Brad Little, Governor

General Fund Revenue Book

**FY 2022 Executive Budget
January 2021**

- Economic Forecast
- Revenue Projections
- Tax Structure

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

Costs associated with this publication are available from
the Idaho Division of Financial Management
in accordance with Section 60-202, *Idaho Code*.
01-2021/58505/010200-180-4001

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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 Markit 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 2021 *Idaho Economic Forecast*,
a publication produced by the
Idaho Division of Financial Management.

EXECUTIVE SUMMARY

Just a few extra readings of important economic variables become available between the October 2020 and January 2021 editions of this forecast. The prior report rested on evidence that the second quarter of 2020 was the economic turning point, and the new measures available since then continue to confirm this. The annualized figures for US real GDP change in 2020 have been -5.0%, -31.4%, and +33.1%.¹ The latter was released October 29 and was a first reading for the third quarter. The second reading of that figure was released November 25,² and it confirmed the +33.1% measure. A final reading became available in late December, showing a 33.4% measure.³

Localized data comes with more significant lags than national data. November 3 saw the public release of first quarter 2020 data for Idaho counties.⁴ That showed nonfarm covered employment for the state at 755,176, with Ada County recording 256,936 of those jobs. Clark County had just 280 of those jobs. Twenty-seven of Idaho's forty-four counties have between 1,000 and 10,000 jobs. Average weekly wages ranged from a low of just under \$470 per week in Boise County to a high of just over \$1,810 per week in Butte County. The US average weekly wage was about \$1,220 at that point, and Idaho's overall average was \$864. The quarterly figures discussed in this paragraph come through the unemployment system, a reporting system that covers most jobs in the US at this time.

Additional hard data available for this report included one more quarter of state housing starts and one more quarter of state manufacturing wages.⁵ Soft data which became available, meaning that it is informative, but not directly incorporated as known history, include another two months of employment and unemployment survey data, as well as Idaho tax receipts. Both the hard and soft data point to Idaho's economy as being one of the most robust state economies in the US.

The national forecast by IHS changed from its October to its November editions by dropping the assumption of additional fiscal stimulus reaching Americans within the fourth quarter of 2020. While that was a tenable hypothesis at the start of October, it was not by the close of that month. In mid-December, it appears that there is again the possibility of fiscal stimulus, but that if it comes to pass, the delivery of that to Americans will occur in calendar year 2021, not 2020. Thus, there is some possible upside to the monetary figures of the forecast discussed later in this report.

In the IHS forecast, employment is expected to fall 5.6 percent across 2020, then expand annually by 3.6, 2.6, 1.4, and 1.1 percent through 2021–2024. In contrast, personal income expands 5.8 percent in 2020, but contracts 1.4 percent in 2021, before expanding by 3.6, 4.4, and 5.1 percent across 2022–2024. Unemployment falls from an average of 8.1 percent in 2020 to 5.7 percent in 2021, then follows the 4.7, 4.4, and 4.0 percent path across 2022–2024. Consumer Price Index (CPI) inflation is just 1.3 percent in 2020, but it is within 2.1–2.6 percent each year for 2021–2024.

¹ https://www.bea.gov/sites/default/files/2020-10/gdp3q20_adv.pdf

² https://www.bea.gov/sites/default/files/2020-11/gdp3q20_2nd_0.pdf

³ https://www.bea.gov/sites/default/files/2020-12/gdp3q20_3rd_0.pdf

⁴ https://www.bls.gov/regions/west/news-release/pdf/countyemploymentandwages_idaho.pdf

⁵ These data-series are available at the monthly frequency and converted to quarterly figures by DMF.

In Idaho, employment falls by 1 percent in 2020, then grows by 4.0, 2.9, 2.5, and 2.7 percent across 2021–2024. Personal income is up by 7.9 percent in 2020, then by 0.5, 4.2, 5.2, and 5.6 percent across 2021–2024. The swings across 2020–2021 are largely due to transfer payments related to the Covid-19 relief bills passed in the spring of 2020. Housing starts are expected above 17,000 units in each year of 2020–2022, then nearer 16,000 units each year in 2023 and 2024.

IDAHO ECONOMIC FORECAST
EXECUTIVE SUMMARY
JANUARY 2021

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
U.S. GDP (BILLIONS)											
Current \$	17,527	18,238	18,745	19,543	20,612	21,433	20,924	21,986	22,999	24,056	25,275
% Ch	4.4%	4.1%	2.8%	4.3%	5.5%	4.0%	-2.4%	5.1%	4.6%	4.6%	5.1%
2012 Chain-Weighted	16,912	17,432	17,731	18,144	18,688	19,092	18,413	18,982	19,464	19,945	20,528
% Ch	2.5%	3.1%	1.7%	2.3%	3.0%	2.2%	-3.6%	3.1%	2.5%	2.5%	2.9%
PERSONAL INCOME - CURR \$											
Idaho (Millions)	61,827	65,683	68,248	72,605	77,993	82,148	88,660	89,132	92,897	97,695	103,141
% Ch	6.0%	6.2%	3.9%	6.4%	7.4%	5.3%	7.9%	0.5%	4.2%	5.2%	5.6%
Idaho Nonfarm (Millions)	59,457	63,434	66,244	71,024	76,116	79,884	86,629	87,161	90,788	95,499	100,888
% Ch	6.1%	6.7%	4.4%	7.2%	7.2%	5.0%	8.4%	0.6%	4.2%	5.2%	5.6%
U.S. (Billions)	14,992	15,724	16,161	16,949	17,852	18,552	19,631	19,364	20,052	20,941	22,000
% Ch	5.7%	4.9%	2.8%	4.9%	5.3%	3.9%	5.8%	-1.4%	3.6%	4.4%	5.1%
PERSONAL INCOME - 2012 \$											
Idaho (Millions)	60,124	63,743	65,545	68,501	72,053	74,778	79,758	78,683	80,240	82,750	85,728
% Ch	4.5%	6.0%	2.8%	4.5%	5.2%	3.8%	6.7%	-1.3%	2.0%	3.1%	3.6%
Idaho Nonfarm (Millions)	57,819	61,559	63,619	67,009	70,318	72,718	77,931	76,942	78,418	80,890	83,855
% Ch	4.5%	6.5%	3.3%	5.3%	4.9%	3.4%	7.2%	-1.3%	1.9%	3.2%	3.7%
U.S. (Billions)	14,579	15,260	15,521	15,991	16,492	16,888	17,660	17,095	17,320	17,738	18,286
% Ch	4.2%	4.7%	1.7%	3.0%	3.1%	2.4%	4.6%	-3.2%	1.3%	2.4%	3.1%
HOUSING STARTS											
Idaho	9,804	10,267	12,394	14,004	16,126	16,841	17,896	18,347	17,519	16,315	15,965
% Ch	8.3%	4.7%	20.7%	13.0%	15.1%	4.4%	6.3%	2.5%	-4.5%	-6.9%	-2.1%
U.S. (Millions)	1,000	1,107	1,177	1,207	1,248	1,295	1,362	1,357	1,298	1,274	1,270
% Ch	7.8%	10.6%	6.3%	2.6%	3.4%	3.8%	5.2%	-0.4%	-4.3%	-1.9%	-0.3%
TOTAL NONFARM EMPLOYMENT											
Idaho	653,298	671,404	693,917	715,190	738,670	760,443	752,923	783,324	805,857	826,186	848,693
% Ch	2.6%	2.8%	3.4%	3.1%	3.3%	2.9%	-1.0%	4.0%	2.9%	2.5%	2.7%
U.S. (Thousands)	138,922	141,804	144,329	146,589	148,891	150,935	142,412	147,489	151,299	153,351	155,112
% Ch	1.9%	2.1%	1.8%	1.6%	1.6%	1.4%	-5.6%	3.6%	2.6%	1.4%	1.1%
SELECTED INTEREST RATES											
Federal Funds	0.1%	0.1%	0.4%	1.0%	1.8%	2.2%	0.4%	0.1%	0.1%	0.1%	0.1%
Bank Prime	3.3%	3.3%	3.5%	4.1%	4.9%	5.3%	3.5%	3.3%	3.3%	3.3%	3.3%
Existing Home Mortgage	4.3%	4.0%	3.9%	4.2%	4.7%	4.1%	3.3%	3.3%	3.4%	3.5%	3.6%
INFLATION											
GDP Price Deflator	1.8%	1.0%	1.0%	1.9%	2.4%	1.8%	1.2%	1.9%	2.0%	2.1%	2.1%
Personal Cons Deflator	1.5%	0.2%	1.0%	1.8%	2.1%	1.5%	1.2%	1.9%	2.2%	2.0%	1.9%
Consumer Price Index	1.6%	0.1%	1.3%	2.1%	2.4%	1.8%	1.3%	2.3%	2.6%	2.2%	2.1%

National Variables Forecast by IHS Markit
Forecast Begins the Third Quarter 2020

IDAHO ECONOMIC FORECAST
EXECUTIVE SUMMARY
JANUARY 2021

	2020				2021				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
U.S. GDP (BILLIONS)												
Current \$	21,561	19,520	21,158	21,458	21,696	21,871	22,079	22,298	22,585	22,879	23,143	23,389
% Ch	-3.4%	-32.8%	38.0%	5.8%	4.5%	3.3%	3.9%	4.0%	5.2%	5.3%	4.7%	4.3%
2012 Chain-Weighted	19,011	17,303	18,584	18,755	18,881	18,928	19,015	19,105	19,258	19,413	19,540	19,645
% Ch	-5.0%	-31.4%	33.1%	3.7%	2.7%	1.0%	1.9%	1.9%	3.2%	3.3%	2.6%	2.2%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	84,918	91,288	89,817	88,617	88,007	88,654	89,442	90,426	91,373	92,306	93,374	94,536
% Ch	6.5%	33.6%	-6.3%	-5.2%	-2.7%	3.0%	3.6%	4.5%	4.3%	4.1%	4.7%	5.1%
Idaho Nonfarm (Millions)	82,666	89,495	87,817	86,539	85,954	86,674	87,518	88,498	89,361	90,243	91,228	92,322
% Ch	7.2%	37.4%	-7.3%	-5.7%	-2.7%	3.4%	4.0%	4.6%	4.0%	4.0%	4.4%	4.9%
U.S. (Billions)	18,951	20,397	19,856	19,319	19,196	19,305	19,425	19,532	19,751	19,961	20,154	20,344
% Ch	4.1%	34.2%	-10.2%	-10.4%	-2.5%	2.3%	2.5%	2.2%	4.6%	4.3%	3.9%	3.8%
PERSONAL INCOME - 2012 \$												
Idaho (Millions)	76,584	82,662	80,595	79,189	78,359	78,487	78,744	79,140	79,550	79,937	80,447	81,024
% Ch	5.1%	35.7%	-9.6%	-6.8%	-4.1%	0.7%	1.3%	2.0%	2.1%	2.0%	2.6%	2.9%
Idaho Nonfarm (Millions)	74,553	81,039	78,801	77,332	76,531	76,734	77,050	77,453	77,799	78,150	78,598	79,126
% Ch	5.9%	39.6%	-10.6%	-7.3%	-4.1%	1.1%	1.7%	2.1%	1.8%	1.8%	2.3%	2.7%
U.S. (Billions)	17,091	18,469	17,817	17,263	17,092	17,091	17,101	17,094	17,195	17,287	17,363	17,436
% Ch	2.8%	36.4%	-13.4%	-11.9%	-3.9%	0.0%	0.2%	-0.2%	2.4%	2.1%	1.8%	1.7%
HOUSING STARTS												
Idaho	20,395	15,382	17,436	18,371	18,223	18,623	18,342	18,201	18,048	17,660	17,363	17,007
% Ch	41.1%	-67.6%	65.1%	23.2%	-3.2%	9.1%	-5.9%	-3.0%	-3.3%	-8.3%	-6.6%	-7.9%
U.S. (Millions)	1,484	1,079	1,430	1,455	1,381	1,372	1,346	1,327	1,315	1,302	1,290	1,286
% Ch	15.2%	-72.1%	208.5%	7.2%	-18.8%	-2.7%	-7.2%	-5.5%	-3.7%	-3.7%	-3.7%	-1.4%
TOTAL NONFARM EMPLOYMENT												
Idaho	776,338	722,355	750,029	762,973	773,022	779,591	786,828	793,856	799,151	803,479	808,143	812,654
% Ch	3.7%	-25.0%	16.2%	7.1%	5.4%	3.4%	3.8%	3.6%	2.7%	2.2%	2.3%	2.3%
U.S. (Thousands)	151,922	133,713	140,789	143,225	145,763	147,060	148,112	149,020	150,145	151,104	151,675	152,271
% Ch	0.4%	-40.0%	22.9%	7.1%	7.3%	3.6%	2.9%	2.5%	3.1%	2.6%	1.5%	1.6%
SELECTED INTEREST RATES												
Federal Funds	1.3%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Bank Prime	4.4%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%
Existing Home Mortgage	3.6%	3.3%	3.2%	3.1%	3.2%	3.2%	3.3%	3.3%	3.4%	3.4%	3.4%	3.5%
INFLATION												
GDP Price Deflator	1.4%	-1.8%	3.6%	1.9%	1.8%	2.2%	2.0%	2.1%	1.9%	2.0%	2.0%	2.1%
Personal Cons Deflator	1.3%	-1.6%	3.7%	1.7%	1.5%	2.3%	2.3%	2.4%	2.1%	2.1%	2.1%	2.1%
Consumer Price Index	1.2%	-3.5%	5.2%	2.3%	1.6%	2.7%	2.9%	3.0%	2.4%	2.6%	2.4%	2.5%

National Variables Forecast by IHS Markit
Forecast Begins the Third Quarter 2020

NATIONAL FORECAST DESCRIPTION

The Forecast Period is the Third Quarter of 2020 through the Fourth Quarter of 2024

Annualized third quarter real GDP growth was 33.4%.¹ One quarter at that rate, though, does not unwind the earlier quarters of 2020 at -31.4% and -5.0%. Even though IHS forecasts fourth quarter growth will come in at a 3.7% annualized rate, the full year would record a contraction of 3.6%. Going forward, IHS sees the economy expanding by 3.1% in 2021, then the next two years each at 2.5%, followed by 2024 registering 2.9%.

Unemployment has fallen more quickly than historical precedent suggests. October saw the rate at 6.9% and November brought it to 6.7%. In April it was 14.8% and in May it was 13.3%. Further declines are likely to be modest each month. For this, the firm indicates that GDP growth is returning to more normal rates; the participation rate is expected to reverse, meaning more people will be seeking work; there will be greater alignment between the survey data which informs the monthly unemployment rate and the (workplace) establishment data that comes through the unemployment insurance program operated by the states' departments of labor. The unemployment forecast by IHS has the rate at 5.4% closing 2021, 4.5% at the end of 2022, and some further improvement to bring about a 3.9% rate two years later at the end of 2024. The unemployment rate at the close of 2019 was 3.5%.

Keeping up with the pandemic's impact has required using the most frequent measures in order to not smooth out the disruption by averaging across time. Among the high-frequency data that IHS is incorporating in its discussion is credit/debit card use. Setting January 2020 as the baseline, this fell over 30% across much of April. By July it had bounced back to only a 10% decline. By the end of October, that spending was only about 4% below the January 2020 level. It should be noted that much of online commerce requires payments by such cards, whereas in-person shopping can use cash or check.

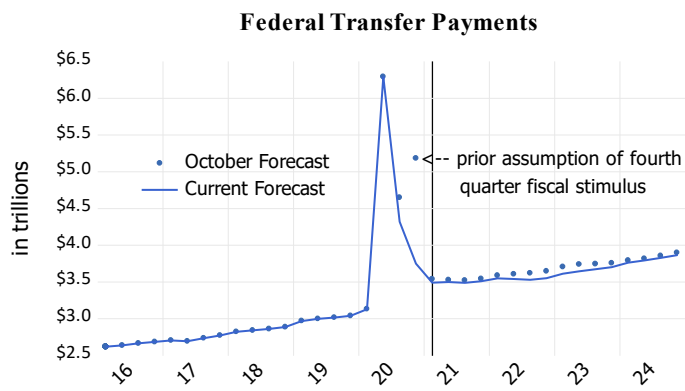
Built into the IHS forecast are the four stimulus bills from the first half of 2020, the redirection of FEMA money for unemployment assistance, the deferral of student loan forbearance through the end of 2020, the eviction moratorium through the end of 2020, and the tariffs enacted on China in 2017. Not included yet are the possible outcomes of congressional negotiation for a fifth coronavirus relief fund; those had been included in the October forecast but were removed as they had not been enacted by the US election date.

Here are a few other major factors in the forecast: oil prices rise from near \$40 per barrel for much of the latter part of 2020 to near \$60 per barrel by late 2022. US producers are thought to have a \$50 per barrel requirement in order to stabilize drilling and production. The widespread adoption of the vaccine is penciled in for mid-2021. IHS puts the decline in worldwide real economic output to be 4.5% in 2020. For comparison, the largest drop during the financial crisis was just 1.7%. Growth rebounds by 4.4% in 2021.

¹ The third release raised the value from the prior two measurements' 33.1% marks. Most of the change seems to be due to higher incomes: https://www.bea.gov/sites/default/files/2020-12/gdp3q20_3rd_0.pdf shows the history on page 3.

Government and Fiscal Policy: In the November release of its forecast, IHS removed extra stimulus from the 2020 timeline it had envisioned in October. The firm noted that the confirmation of the new supreme court justice and the national election delayed Congress' attention to the matter. The firm also admits that the outcome of negotiations for further stimulus may be delayed until the actual composition of the next Senate is known after the January 5 runoff elections for both seats from Georgia. The removal of that IHS assumption dropped transfer payments from the federal government by \$270 billion in the fourth quarter of 2020. The firm indicates that the removal of stimulus was the main reason for the revised real GDP growth outlook in 2021. Now growth is seen at 3.1% across 2021 rather than the 3.7% envisioned in the previous forecast.

The firm did consider what would occur if, beginning in 2021, new stimulus reprovisioned that \$270 billion transfer as well as six-months of enhanced emergency unemployment payments of \$300/week (roughly 13 million people are scheduled to fall off of Pandemic Emergency Unemployment Compensation and Pandemic Unemployment Assistance,² the two emergency expansions of unemployment insurance beyond traditional state programs in late December). The firm found that an alternative to its baseline differing only in this regard added 1.4 percentage points to 2021 real GDP growth, bringing it up to 4.5%. It appears that the new legislation offers less of an extension of unemployment benefits, as well as smaller stimulus checks than the package IHS dropped from its forecast, so the boost to GDP is likely to be smaller than that figure.



Business: For industrial production, the outlook is for cooling growth. One sector which has been weakened earlier in 2020, but whose outlook is improving, is the oil sector. IHS sees production gaining strength in 2021 over its prior forecasts, and then much greater strength building thereafter. Context is needed though: the Baker Hughes rig count was down 61.2% from November 2019 to November 2020, but that was an improvement by 27.9% from the low of August 2020. Expanded drilling together with more strategic drilling should elevate oil production. Average oil output per rig in 2019 was around 800 barrels/day, but it has reached 1,200 barrels/day in the final months of 2020.

IHS noted that the output from manufacturing has not lined up with the expansion of hours worked in that sector. The firm suggested a remedy may be a future revision upwards to September and October output levels. BLS data has suggested dropping productivity.³ From its revised report, where the productivity change was pegged at 4.6 percent rather than an earlier estimate of 4.9 percent: “Output and hours worked remain 4.0 percent and 7.4 percent below their fourth-quarter 2019 levels, respectively.”⁴

The air-travel industry, from plane manufacturing through to airlines and support activities, has been severely impacted by the pandemic. Transportation Security Administration (TSA) data indicates air traffic is down by two-thirds from the prior year. Business travelers, long one of the lucrative passenger lines, are adapting to video-communication meetings. The firm believes this could “sap growth for

² These are often referred to by PEUC and PUA in the news; the former is an extension by 13 weeks beyond the usual 20 weeks of regular Unemployment Insurance while the latter is the extension of benefits to self-employed, freelancers, and independent contractors for up to 39 weeks.

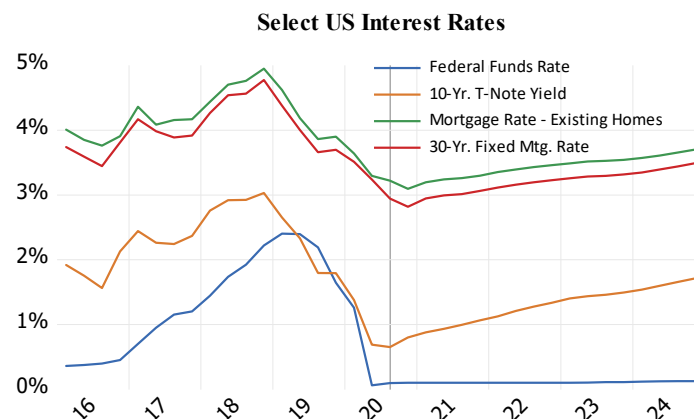
³ <https://www.reuters.com/article/usa-economy/u-s-third-quarter-productivity-pared-unit-labor-costs-revised-up-idUSKBN28I265>

⁴ <https://www.bls.gov/news.release/pdf/prod2.pdf> page 2.

years” from the industry. Order books from the major manufactures offer confirmation of this view. Backlogs are diminishing primarily due to cancellations, not deliveries. Boeing has announced only one firm order of new 737-Max planes, from the discount airline Ryanair in Europe.⁵ Boeing delivered its first 737-Max since the grounding of that plane to United Airlines,⁶ and GOL, a Brazilian airline, became the first to fly the Max for service. In 2019, US exports of aerospace products totaled \$122.8 billion with \$5.4 billion to Brazil and \$8.4–11.2 billion each to the United Kingdom, France, and Germany.⁷

Though interest costs for newer businesses loans are low, banks are tightening lending standards. This is true for commercial and industrial loans, as well as commercial real-estate loans. IHS compares this to the early months in 2008–2009 and points out that smaller businesses are quite tied to banks for liquidity needs. Spending on private nonresidential construction is weakening. Businesses may intend to slow their expansion in order to better match final sales.

Monetary Policy and Inflation: Due to the Covid-19 outbreak, the unemployment rate surged to a new high for post-World War II levels. Consumer spending plunged 13.6 percent in May, the biggest drop since 1959. From February of 2020, more than 25 million workers have been laid off or furloughed. The most severe job losses were observed in low-wage jobs. In February, the month before the outbreak, inflation stood at 1.9 percent, very close to the Federal Reserve’s long-run symmetric inflation target of 2.0%. In line with the job losses, consumer spending plummeted temporarily causing inflation to drop from 1.9 percent in the beginning of the year to 0.9 percent by April.



Given its dual-mandate goals of maximum employment and price stability, the Federal Reserve took quick policy actions in response to the public health crisis. At two meetings in March, the Federal Reserve lowered the federal funds rate to close to zero percent in order to support economic activity. Adding to this policy measure, the Federal Reserve announced the purchase of Treasury securities and agency mortgage-backed securities (MBS), in order to inject liquid assets into the economy.

When the economy is hit by an unexpected shock, economic activity tends to freeze. Banks become hesitant to provide loans, fearing future defaults. People get hesitant to make big purchases. Businesses get hesitant to hire new people or invest in expansions. Every participant in the economy turns cautious. Since the economy is interconnected, impacts of deferrals transmit through the economy. When banks stop lending, people reduce their purchases and businesses get affected. When businesses go bankrupt, they default on their loans, and banks must revalue those loans at losses. When businesses go bankrupt or face losses, they lay off workers.

The beginning of the pandemic brought a rapid decline in the inflation rate. Some prices for goods and services fell rapidly. Early in the shutdown, supply-chain disruption ruled out the supply-side effect, and

⁵ Wall Street Journal (WSJ) Dec 4, 2020 page B1.

⁶ WSJ Dec 9, 2020 page B1.

⁷ <https://relatedparty.ftd.census.gov/>

the demand-side effect dominated during this time.⁸ Customers become less willing to make purchases, chilling the economy.

To fight this economic freezing process, the Federal Reserve lowers the federal funds target rate, an interest rate on loans to banks and credit unions. The federal funds rate directly and indirectly influences other interest rates, such as credit cards, mortgages, and bank loans. Some interest rates are flexible and directly tied to the federal funds rate. In this case, people who already have loans start to pay less in interest payments leaving them with more cash. When banks have more affordable resources, they continue—or augment—giving loans to reliable lenders.

The Federal Reserve is purchasing Treasury securities and mortgage-backed securities, with rates of purchase having nearly doubled from February to November this year. This implies an equivalent amount of liquid assets such as cash and cash equivalents are provided to the economy.

Mortgage-backed security (MBS) is a debt security based upon mortgage loans. Banks that originate mortgages sell them to institutions such as investment banks. Those mortgages are bundled into an MBS that can be sold to investors. This method is developed in order to free up funds for redeployment in new loans.⁹ During 2008's Financial Crisis, the Federal Reserve's prior methods to provide liquidity was not enough to activate the economy to the level it desired. Therefore, the Fed decided to purchase mortgage-backed securities from the market and provided large doses of liquidity.

While Federal Reserve actions operate primarily within those markets, other lending markets are affected. As an example, the cost for corporate borrowers recently¹⁰ traded at yields below the spread between the inflation-protected treasuries and regular 10-year treasuries (1.85% average corporate bond yield versus 1.89% for the spread—inflation protected securities trade at -0.97% and regular treasuries trade at +0.92%). This indicates that Federal Reserve actions are helping corporations to borrow at nearly risk-free rates.

Employment: Last year witnessed an unemployment rate rising from a fifty-year low to the highest measure seen since the Great Depression, all within a couple of months. In February 2020, the unemployment rate was at 3.5%. Many states, including Idaho and Utah, had been below 3.0% for months. In late March 2020, the COVID-19 pandemic has a significant effect on the labor market. New claims for unemployment insurance in late March through mid-April, totaled about 25 million.¹¹ In April, the unemployment rate reached 14.7 percent. Since May, measures of the labor market have indicated improvement from that disruption, but what this dislocation really caused will take time to tell.

⁸ When people get less interested in purchasing goods and services, price level falls from the demand-side effect as sellers chase after fewer purchasers: the first action was demand fell in relation to its usual trend. When producers make too many goods or have excess capacity for services, price level falls from the supply-side effect: the first action was supply rose in relation to its usual trend.

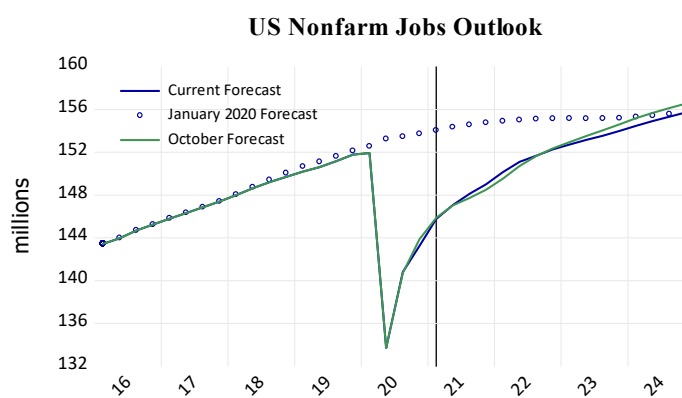
⁹ Rather than the original banks' funds being locked up for years by the mortgage. Consider if an investment bank purchases the mortgage loans near face value. Then the original bank already has profits from the service fees at the loan origination. It may also collect a service fee by the contract it signs with the investment bank if it collects payments from the borrowers and transfers them to the investment bank. Most importantly it can turn the funds which would have been locked in the mortgage for years into new mortgage offerings. The investment bank, by bundling mortgages, uses a third party to rate the credit-worthiness of the bundled mortgages, then sells shares of that bundle to the public. Those shares (MBSs) may behave similar to other bonds (e.g., being sold in \$100 increments, paying periodic interest, and having a secondary marketplace for subsequent transactions.) Upon sale of those MBS, the investment bank can again redeploy its capital back into new mortgages from originating banks.

¹⁰ WSJ Dec 8, 2020 page B1.

¹¹ <https://www.frbfsf.org/economic-research/files/wp2020-18.pdf>

The US Bureau of Labor and Statistics (BLS) reports from February to April show 8.3 million job losses in leisure and hospitality industry and 3.4 million job losses in trade, transportation, and utilities industry.¹² These were hit the hardest from pandemic. Data from April to November portrays significant job recovery for those two sectors. All sectors except government and retail trade showed job recoveries. The labor market is reviving based on unemployment data and the return of jobs. The unemployment rate was 6.7 percent in November 2020.¹³

The unemployment rate is insufficient for describing the full extent of job market conditions. It indicates the number of people who are active in the labor market, but it leaves out the people who have given up looking for jobs. Those who stop looking for jobs are no longer categorized as unemployed and instead considered out of the labor force. For instance, a parent with preschoolers or elementary students may decide to stay home and do childcare and homeschooling due to the closure of preschools and public schools. If the parent who stays home does not simultaneously look for jobs then the parent is not unemployed, but rather out of the labor force. Declining unemployment rates could be propelled by people tending other tasks in their lives.



Even for the period prior to the pandemic, there was speculation as to why the unemployment rate was so low. Were so many jobs available that whoever sought one found one easily? Unfortunately, the answer is likely to be no. In a study from the Federal Reserve Bank of San Francisco,¹⁴ there is an insight into the job market in early 2020. Despite the exceptionally low unemployment rate, wage growth remained moderate. If there were more jobs compared to people seeking jobs, the wage rate ought to have increased. The absence of this basic economic phenomenon implies there was something else in play rather than only the economy producing more jobs.

The study argues that the unemployment rate was low because proportionally few people of workforce age were actively looking for jobs in the labor market. It investigated the above hypothesis by arguing an decrease in unemployment could be offset by a decline in the measured labor force participation rate. The authors analyzed the labor market with a three-state inflow-outflow model of the unemployment rate. This model incorporates the potential loss of individuals who could be actively seeking work and produces an adjusted unemployment measure. Their projections, adjusted by people who give up on job hunting, indicate that the state of joblessness is likely to remain elevated into 2021, unless there is a historically unprecedented burst of hiring in 2021.

The paper suggests a comparison between the adjusted measure the authors propose and the U-5 rate of unemployment from the BLS. This is a wider measure than the headline U-3 measure. The U-5 unemployment rate includes anyone who has looked for a job in the past 12 months, but not necessarily within the past 4 weeks as is needed for meeting the U-3 definition of unemployment. This may better capture the flow of individuals from employment to what would traditionally be unemployment, but currently is out of the labor force during these unusual pandemic times. The current U-5 rate is 7.9%

¹² November 2020 at <https://www.bls.gov/ces/publications/highlights/highlights-archive.htm>

¹³ <https://www.bls.gov/charts/employment-situation/civilian-unemployment-rate.htm>

¹⁴ <https://www.frbsf.org/economic-research/files/wp2020-05.pdf>

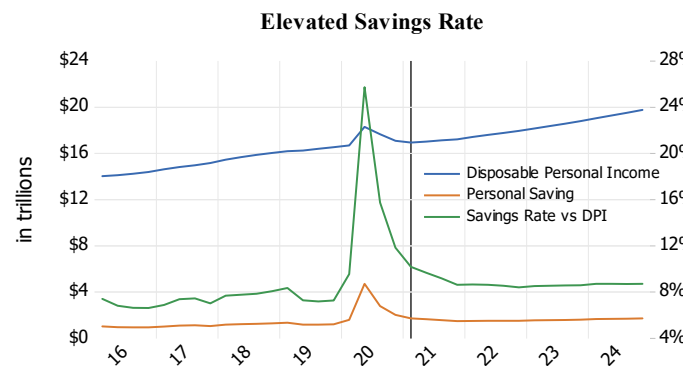
while the U-3 rate is 6.7%, so the U-5 rate captures more individuals who could be actively seeking work.

International: Inflation adjusted economic growth across the globe averaged 2.6% in 2019 according to IHS, and the firm expects 2020 to record a 4.5% contraction. Among the major regions that the firm cites in discussion of its forecast with the US, only China is expected to record growth in 2020, at 1.9%. The Eurozone is expected to contract by 8.1% and Mexico is expected to have an economy smaller by 9.5% than in 2019. On the horizon are two years of global expansion, at 4.4% and 3.7%.

Canada has used fiscal policy in ways similar to the US. The Canadian budget deficit is expected to be 17.5% of GDP at the close of the Canadian fiscal year at the end of March. In September the US closed its fiscal year with at 16.1% of GDP budget deficit. Canada has recovered 80% of the jobs lost during the onset of the pandemic. The US has recovered a bit more than 50% of the jobs lost. As with the US, third quarter 2020 economic growth surged. It reached a 40.5% annualized rate; the US reached a 33.4% annualized growth rate.

The Organization for Economic Cooperation and Development's (OECD) view, in its December release, is quite in line with IHS on these projections: 2019 recorded 2.7% real growth, with 2020 at -4.2%, then 2021 at +4.2%, and 2022 following with 3.7% growth. Among the findings of the organization, retail sales worldwide regained their December 2019 level by June of 2020. For the actual OECD countries,¹⁵ recovery took though August to achieve. Despite that, both advanced and emerging market economies are expected to remain more than 5% below what was anticipated pre-pandemic through 2022.

For the OECD, unemployment is expected to cross below 6% in the US near the close of 2021, with only Japan among major economies showing unemployment below 4% in the near-term. The labor-force participation rate is expected to remain below 65% in the OECD across 2021, whereas it was reliably above 66% pre-pandemic. For the US, the labor force participation rate improvement is a bit stronger. Beforehand, participation was in the mid-66% across 2019. It fell to 64% during the second quarter of 2020. By the close of 2022, it is expected to be just below 66%. Bureau of Labor Statistics data¹⁶ show lower rates for the US, with quarterly participation at 61.5% in the third quarter of 2020, down from just above 63% across most of 2019, and 62.9% across 2018. The lowest monthly measure during the pandemic was April, which recorded 60.2%.



Wealth: The transfer payments last spring boosted personal income, and the effects of that boost are still flowing through the US economy. One way to see this is through the elevated savings rate as a result of those transfers. Savings are expected to remain elevated even after the transfer payments. The accumulation

of savings through those elevated rates will be available to smooth spending in the future.

Household wealth predominantly sits within real estate and equities/bonds. Both have risen through price gains this year; for example, the S&P 500 is up 14% going into the Christmas weekend. The

¹⁵ US, Mexico, Japan, Germany, Turkey, France, UK, Italy, South Korea, Spain, Poland, Canada, Australia, Chile, the Netherlands, Belgium, Greece, Czech Republic, Portugal, Sweden, Hungary, Austria, Israel, Switzerland, Denmark, Finland, Slovakia, Norway, Ireland, New Zealand, Lithuania, Slovenia, Latvia, Estonia, Luxembourg, Iceland.

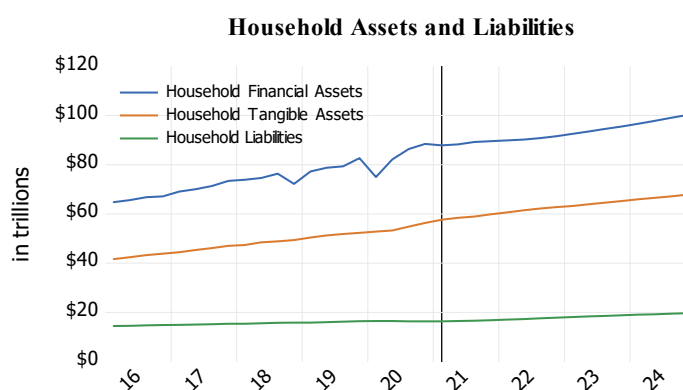
¹⁶ <https://www.bls.gov/data/#employment>

National Association of Realtors reported¹⁷ that the median price of an existing home was \$310,800 in November, a 14.6% increase from November of 2019. IHS sees household net worth increasing 5.3% across 2020, and further expanding by 8.2% in 2021. A comparison between the scales on the two accompanying graphs indicates the large accumulation of wealth within the US. Roughly three and a half times the annual disposable income across the US is accumulated in housing equity, and nearly six times disposable personal income is held within equities/bonds.

IHS points out that September 2020 was the first month since the pandemic began in which wage and salary payments exceeded their 12-month ago level. The growth then was 0.5%. That, however, occurred in a month with 6.1% fewer nonfarm jobs than the corresponding month a year ago. This indicates greater difficulties at the lower income end of the spectrum.

Consumers: Real consumer spending (PCE) expanded 2.4% in 2019 but is expected to contract 3.9% across 2020. The IHS forecast for 2021 is for a 3.6% rebound with growth cooling to 2.2% in 2022. Quarterly swings have been much greater. Third quarter 2020 saw real PCE changing by 40.7% as states emerged from the shutdowns. Convergence of real spending with the pre-pandemic trend will take quite a while, both from below the prevailing trend, as well as from above. Total light vehicle sales ran very near the 17-million unit annual rate across all of 2019. First quarter 2020, these ran just below the 15-million unit pace, fell below the 11.3 million unit rate during the second quarter lockdown, and have rebounded to the 15.3-million unit pace in the third quarter of 2020.¹⁸ For its third quarter, Home Depot reported sales were up 23.2% from the prior year third quarter.¹⁹ Lowe's reported a 30.4% increase for its third quarter.²⁰ Darden's restaurants (Olive Garden, LongHorn Steakhouse) saw a 19.4% decrease in its most recent quarter.²¹

IHS sees widespread use of the vaccines as providing a means to release the pent-up demand for some service sectors, particularly travel and entertainment. The timeframe for that, though, is perhaps beyond 2021 in the firm's view. In the interim, the newfound outlet of durable goods purchases is likely to shrink. This is particularly true for vehicle purchasing. IHS has evidence pointing towards a 5–6% decline in motor vehicle purchases across 2021.



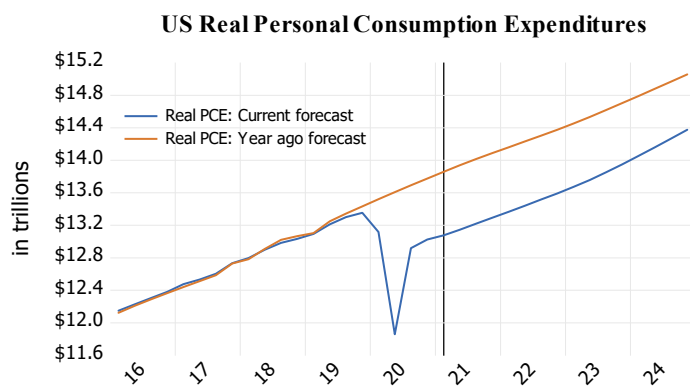
¹⁷ <https://www.nar.realtor/newsroom/existing-home-sales-decrease-2-5-in-november>

¹⁸ <https://fred.stlouisfed.org/series/ALTSALES/#0>

¹⁹ <https://corporate.homedepot.com/newsroom/news-release-home-depot-announces-third-quarter-2020-results>

²⁰ <https://corporate.lowes.com/newsroom/press-releases/lowes-reports-third-quarter-2020-sales-and-earnings-results-11-18-20>

²¹ <https://investor.darden.com/investors/press-releases/press-release-details/2020/Darden-Restaurants-Reports-Fiscal-2021-Second-Quarter-Results-Announces-Quarterly-Dividend-And-Provides-Fiscal-2021-Third-Quarter-Outlook/default.aspx>



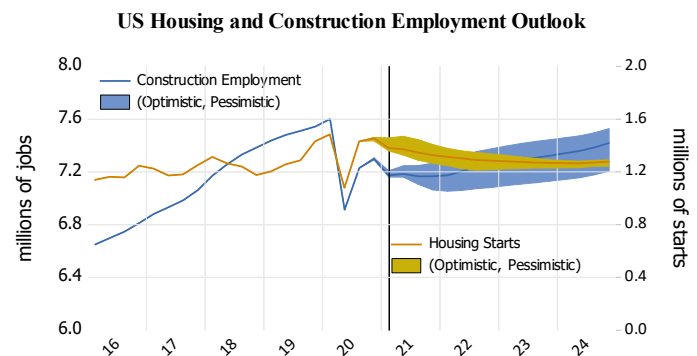
For travel, there is ample evidence that consumers have been altering behavior. Airlines carried 62% fewer passengers in October than a year ago. This was the smallest year-over-year decline since March. An airline industry group is forecasting the same level of decline in November as was observed in October. On a related note, hotel operators indicated in a November survey²² that further layoffs could be expected by the close of 2020 without more governmental assistance, with less than a third

of hotels seeing a path forward beyond six months without that assistance.

Data from Adobe on holiday shopping indicates that 2020 is fairing well compared to 2019. Sales growth around the Thanksgiving holiday appears to have been double-digit for year-over-year comparisons. (Cyber Monday sales were up 15%.) Total online spending still lags prediction, but it is better than 95% of the value achieved in 2019, at least for the period of November through first week of December.

Housing: The rebound in home sales (via pricing) and construction from the collapse in April is viewed by IHS as temporary. The firm feels that these measures are currently beyond trend. That means that the firm is acknowledging that projections in the near term must be raised, but that the trajectories of these measures must revert towards their fundamentals in the medium term. Demographic features come into play in their current outlook by 2023.²³

The supply of new and existing homes available for sale have hit record lows this autumn, both in terms of counts and in terms of months of supply. Those tight supplies have led to surging prices. Nearly two in three MSAs (that is, metropolitan areas) saw prices rise by double-digit percentages. Low supply and high demand are not the only reasons for higher prices, low mortgage interest rates and high materials costs are adding to home price inflation.



While prices are elevated, so too is the level of mortgage delinquency. More than 5.5% of mortgage loans were in in this state in November. This is an improvement from June, when that measure rose above 8.5%, but it is many times the figure going into the pandemic. In March, just 0.25% of mortgages were in forbearance. The process of exiting from that elevated state is one of the greater risks to the US housing market.

Beyond the demographics which eventually direct the IHS housing outlook, there are other indicators suggesting that housing starts are overly elevated. The firm notes that “the number of authorized un-

²² <https://www.ahla.com/sites/default/files/AHLA%20Front%20Desk%20Feedback%20Survey%20Results%2011.18.20.pdf>

²³ The baby boom generation (56–74 years of age) has 71.6 million people in it. Generation X (40–55 years of age) has 65.2 million people in it. Older Generation Y (29–39) has 42 million people, and younger Generation Y (25–29) has 31 million people. <https://www.kasasa.com/articles/generations/gen-x-gen-y-gen-z> The median age for first-time homebuyers is in the low-to-mid-30s.

started single-family homes has risen to levels last seen in 2008.” This suggests that along with builder optimism, there is either some trepidation as well, or else difficulties in obtaining labor or supplies. IHS anticipates that as the pandemic wanes, a larger portion of homeowners will put their houses on the market in order to capture price gains. That, coupled with an elevated unemployment rate compared to 2019 and the start of 2020, as well as the end of forbearance measures from the government, could result in greater rental demand as homeowners switch to that status.

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IDAHO FORECAST DESCRIPTION

The Forecast Period is the Third Quarter of 2020 through the Fourth Quarter of 2024

While 2020 treated many states roughly economically, Idaho has emerged as one of the brighter spots in the US economic map. Jobs were initially wiped away during the onset of the pandemic, but they have been resurrected beyond most projections given the level of initial disruption. Personal income has been lifted largely due to transfer payments. Wages and salary payments appear to be close to recovery. While that may be surprising given that jobs are just barely reaching above year-ago levels, there has been improvement in wage rates and number of hours worked.

On the firming hours, some of that may not be quite as welcome as it would seem. Case counts of Covid-19 in Idaho are elevated. It is not hard to understand that healthcare workers in testing, emergency, and critical care work could be stretching to match demand. There are other sectors where workers are likely finding more hours of work, and which may not have quite the dour context as overworked hospitals. Construction is doing quite well in the state.¹ New housing demand is high, and there is a lot of remodeling work. Schools systems are finding teachers are working more hours, particularly to deliver online or hybrid modes of learning. Idaho districts—e.g., Middleton and Lewiston—are providing compensation for that with funds available through the CARES Act.

Micron is estimating its profits are likely to be higher than prior guidance it gave. Revenue is approaching \$5.75 billion per quarter, and profit margins are up. This reflects in part the boost coming from expanded online work. The company's analysis indicates demand is likely to remain robust post the pandemic. Micron has announced expansion of its Texas facility.

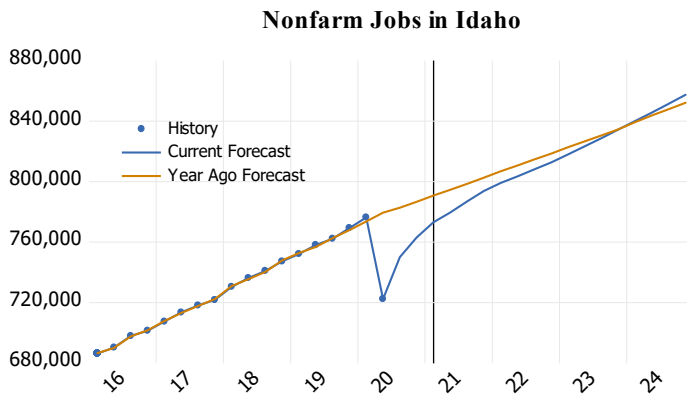
Business investment has been quieter in Idaho since the declaration of the pandemic. This is understandable given the uncertainty. However, Idaho's quickly rising economy is a suggestion that the relative silence is temporary. Many major projects are ongoing, including multi-story building projects in downtown Boise, the Amazon warehouse in Nampa, and the Burlington Northern Santa Fe (BNSF) railroad double-tracking bridge across Lake Pend Oreille.² Major renovation work is happening at dams and their power stations both in the Hells Canyon area and on the Eastern Snake River Plain. Funding and new opportunities in internet service are occurring across the state, including \$2 million for wi-fi access at rural libraries (courtesy of CARES Act funding) and a new satellite service in Shoshone County. Projects such as these will likely outlast the Covid-19 recession, and they should position the state for future job growth as they bring infrastructure improvements or human capital to the state.

Personal income is projected to have increased by 7.9% in 2020, aided by federal stimulus, and to grow 0.5% in 2021. Thereafter, growth of 4.2% increasing to 5.6% closes out 2022 through 2024.

¹ Using BEA monthly data through 11 months of 2020, average hours appear to be up by 0.86% and average wages are up by 5.65%. Combined these would raise each wage earner's income by 6.55%. With a preliminary 4.3% year-over-year expansion through November of the count of construction jobs, the construction sector would be looking at better than an 11% expansion in wage income this year.

² <https://keepsandpointrolling.com/>, a BNSF site for the project across Lake Pend Oreille and at Sandpoint, ID.

Employment: Both September and November Current Employment Statistics (CES) data suggest Idaho



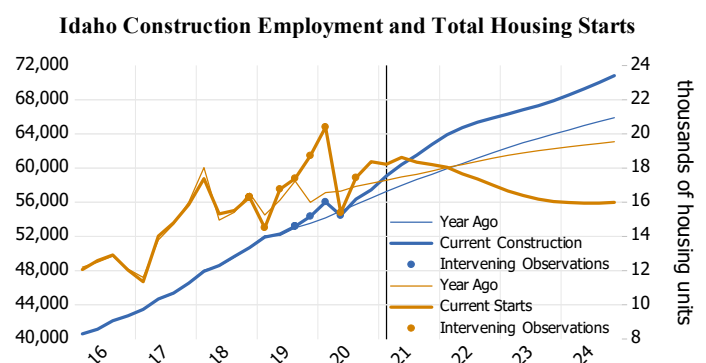
is on the cusp of the first year-over-year jobs gains since the pandemic was declared. That is not yet enough to indicate a sustained trend, but it is a hopeful sign. Jobs gains are likely to be more difficult going forward. Those jobs resurrected or preserved through initial round of Payment Protection Program (PPP) are likely already incorporated in the projections left of the vertical line marking the first quarter of 2021 in the accompanying graph. An additional round of PPP may preserve those further, but it would

be surprising to see enough demand from that stimulus to spur job growth.

Schweitzer Engineering is opening a new campus on land it recently acquired south of Moscow. It already has facilities in Pullman and Lewiston. The new facility will manufacture printed circuit boards for the company's products which monitor and control electric power systems. Groundbreaking is expected in 2021 with completion of the 140,000 square foot facility in 2022. Schweitzer is already one of the larger employers in the Lewiston/Moscow/Pullman area.

The graph above shows the first quarter 2021 is predicted to be roughly in line with first quarter 2020 in terms of total nonfarm jobs in the state. Thus, the economic growth that may be made across 2021 over (what was predicted, but disrupted, for) 2020 is monetary growth (i.e., prices or wages). Also note the current forecast shows jobs crossing above the January 2020 forecast in late 2023, which is earlier than was previously expected. This is because jobs grow faster in both 2022 and 2023 than in the earlier forecast. Change in nonfarm jobs is predicted at: -1.0% in 2020, +4.0% in 2021, 2.9% in 2022, 2.5% in 2023, and 2.7% in 2024.

Housing and Construction: Construction activity continued in Idaho through the lockdown. This preserved many jobs. Without that preservation, meeting current housing demand would be even more difficult, as demand seems to have returned with vigor, aided by low mortgage rates and strong population growth. On December 17, rates were reported at a new low: 2.67% for a 30-year fixed mortgage for the national average. That is down over 1 percentage point from a year ago. Idaho homes have appreciated by 5.2% in the third quarter of 2020, and by 14.4% across a year's time to that point. Rates are slightly steeper in the Boise metro area (MSA), at 5.7% and 16.4%. Across the state, half of a decade's time has



brought appreciation to 73.6%.³ Contemporaneous commentary⁴ from the chairman of the Federal Reserve, Jerome Powell, indicates that the strong demand for housing is seen as a good thing, and that house prices are not at a point of instability.

Ketchum is expecting to see 56 units of affordable housing at the former Ketchum City Hall site. Bringing affordable housing to the city has been pursued for at least nine years. The project envisions two buildings, each three stories tall. The apartments will range from studio to three-bedroom units. There will be a few non-subsidized units, but the majority will be reserved for lower income households, and that status will be preserved for those units for at least 44 years. Nampa and Caldwell have recently seen the completion of housing projects requiring lower incomes, including the Terry Reilly complex (50 units in Caldwell) and Mercy Creek and Sky Ridge apartment projects (170 units in Nampa).

Brighton just opened its 166-unit addition near The Village in Meridian. This is a 55+ community. Brighton is a Meridian based builder, and it has built around 5,500 homes since starting single-family work in 1992. Meridian also saw the opening of the Idaho Central Credit Union (ICCU) 5-story building. Further development on the former corn (maze) field of 52 acres at the intersection of I-84 and Hwy-55 is expected.

Valley County has seen some of the boom in residential construction this year. Paving activity persisted well into November. Majorities of new subdivision lots have sold in just months. Roofing jobs have drawn workers from the Treasure Valley to meet demand in McCall.

Since emerging from the last recession (2010 onwards), mean expansion of hours worked per week per construction job have been 1.0%, and the mean wage rate increases in construction in Idaho have been 2.2%. However, since 2016, the pace for hours worked has moderated to a 0.5% rate. In comparison, wages have expanded at a 5.2% clip. Thus, the nearly complete measures for 2020, at 0.9% and 5.6% reflect continued recent strength in wage rates and in hours worked. Combined, these suggest that 2020 has been among the strongest years for construction activity in Idaho. This forecast raises the average wage rate gains for 2020–2024 by 1–1.3 percentage points above the past four year’s corresponding measures.

The outlook for housing starts (single, multi-family, and total for 2020–2021) in Idaho is: 14,100, 3,900, and 17,900 units for 2020, then 14,900, 3,500, and 18,300 units for 2021, with 17,500 units (overall) in 2022, 16,300 units in 2023, and 16,000 units in 2024. The outlook for construction jobs is for 2020 finishing showing an average of 56,000 jobs, 2021 showing 61,000, then 65,000 in 2022, with 67,100 in 2023, and 69,700 in 2024. The growth rates for that employment trajectory are: 5.9% in 2020, 8.7% in 2021, 6.6% in 2022, 3.2% in 2023, and 3.9% in 2024.

Trade: The logistics center on Gowen Road south of Boise that had housed Shopko’s distribution center has sold. The new owners plan to renovate the building so it can be attractive to multiple users

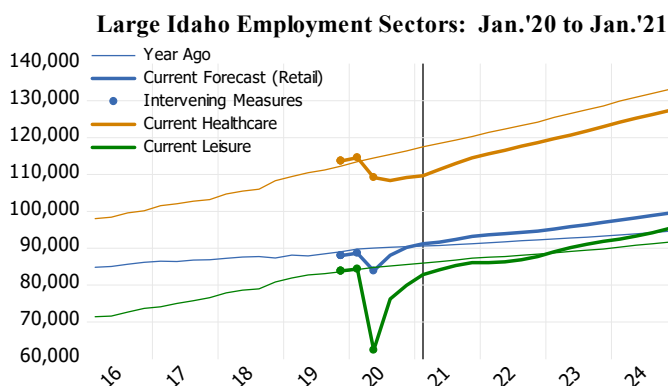
³ <https://www.fhfa.gov/DataTools/Tools/Pages/Four-Quarter-Heat-Map.aspx>

⁴ FOMC press conference December 16, 2020.

simultaneously. Amazon has been the large story in southwestern Idaho for trade. The company disclosed its fifth development in the Treasure Valley. The recent addition is largely a parking lot for the many trucks the company uses to distribute its wares. It joins the company's major distribution center that opened this fall in Nampa. Amazon recently doubled that facility's job capacity from 1,000 to 2,000 jobs.

Retail hired fewer temporary workers for the holiday season this year, but delivery and warehousing jobs advanced significantly. The national firm Challenger, Gray, and Christmas⁵ pointed towards a two-month slowing for retail hiring (behind by 12.5%) and a two-month burst of hiring in transportation and warehousing (up by 137%). Some parts of Idaho are part of that story, as evidenced by low traffic at the Towne Square Mall in Boise and the expansion of Amazon's activity in the Treasure Valley.

Other areas, though, show brick and mortar expansions. The Magic Valley Mall is attracting new tenants. These include new boutiques, an arcade, new stores for candy and treats, a restaurant, and an insurance office. Half Price Books opened a 6,800 square foot store at Fairview and Eagle roads. This is the first foray by the Texas based seller of books and music.



The Bureau of Labor Statistics has a monthly survey which leads to its Current Employment Statistics (CES) report.⁶ Retail employment in Idaho for September, according to the CES, reached above 91,000 jobs. In January, the figure was just reaching above 87,000 jobs. November's measure indicated that retail trade has expanded by 4.3% year-over-year in Idaho. The survey, producing aggregate numbers, does not show churn within the retail sector, which has

likely been substantial given the 2020 disruptions. Continuing with that CES data, but focusing for a moment on not seasonally adjusted figures, Idaho's retail trade sector first crossed above 87,000 jobs in July 2017. Similarly, January 2020 showed 87,100 jobs in the sector in Idaho. November 2020 data shows 93,500 such jobs. Seasonal adjustment brings that down to 92,000 as the holiday season is typically a more robust period for retail employment. The forecast for 2021 is for 92,100 jobs on average,⁷ quite a step up from the average expected for 2020 of 87,700, and quite a bit stronger than the recent trend, which has shown 87,500 in 2018, and 87,800 in 2019.

Retail employment is expected to average 87,700 in 2020, then 92,100 in 2021, putting growth across 2021 at 5.0%. The remaining years of the forecast show 2.2–2.6% growth per year.

⁵ <https://www.challengergray.com/blog/seasonal-retail-hiring-slows-in-november/>

⁶ History available from <https://data.bls.gov/PDQWeb/sm>.

⁷ Across the year, and hence this is a seasonally adjusted figure as it includes all four of the seasons in the average.

Leisure and Hospitality: This sector's November's year-over-year decline was just -0.2% according to the CES survey. This is a striking result given the difficulties in putting on concerts, opening movie theaters, holding sporting events, and maintaining indoor dining. For example, the Idaho Steelheads have decided out of the current season. Schweitzer Mountain Resort requires skiers to wear face masks in its lift lines. McCall's Winter Carnival has been canceled.

While jobs are increasing in this sector from the severe downturn during the shutdown, the indication is that hours are weakening,⁸ which is a continuation of the trend since 2017. Looking further back, in 2010, average hours per work week were 22.6. Only in 2013 did these crossed above 23, and they almost reached up to 24, achieving 23.9 hours per week per job. Then 2014 through 2017 all saw the average workweek substantially above 24 hours. By 2019, the duration had shrunk to 23.3 hours, and it looks like 2020 will measure close to 23.0, meaning that in terms of hours per job, the leisure and hospitality industry in Idaho is only as healthy as it was in 2012, still well within the shadow of the previous recession.

In terms of weekly compensation per job, though, there is some room for optimism. Weekly wages began the past decade near \$250 per job. They crossed above \$300 per job in 2014, but they held near that value through 2017. The indication is that 2020 should see a figure near \$340. Thus, while hours have been decreasing in recent years, compensation per week has been increasing, which for employees is better than many alternatives. The large portion of wages to which leisure and hospitality would be part is predicted to show wage rate gains in the mid-2% rate, with total wage payments growing by 4.6–5.2% across each year of the forecast horizon. Total wage payments combine wage rate gains with jobs gains.

Leisure and hospitality employee counts are expected to show a bruising 8.8% decline in 2020, with an 11.7% recovery across 2021. At an annualized rate, the second quarter of 2020 showed a 70.2% rate of decline. Employment in 2021 is expected to average 84,600, with growth across the remainder of the forecast bringing the total to 93,800 in 2024.

Healthcare and social assistance: Saltzer Health, a medical group in the Treasure Valley, was acquired by Intermountain Healthcare, a Salt Lake City nonprofit. That new umbrella group was to merge with a midwestern nonprofit, Sanford Health from Sioux Falls, SD, but turmoil at the CEO level has derailed that further consolidation. The end-result would have been a 69-hospital healthcare provider, ranking among the top ten. In the meantime, there is a new Saltzer clinic at 10-Mile Crossing in Meridian in the works and a newly opened clinic in downtown Caldwell.

Primary Health Medical Group has 20 clinics in the Treasure Valley; traditional call volumes to these are under 2,000 calls per day. November call volume has been near 3,000 calls per day, an indication of the shift to telemedicine as well as extra demand because of the pandemic. Intensive Care Unit (ICU) nurses are in demand across the nation, and Idaho hospitals are having to pay more to bring traveling nurses into the state. The increase has been a doubling in cost in some instances. The Idaho

⁸ History available from <https://data.bls.gov/PDQWeb/sm>

Department of Health and Welfare directed \$5 million in CARES Act funding towards defraying the cost of 150–200 traveling nurses.

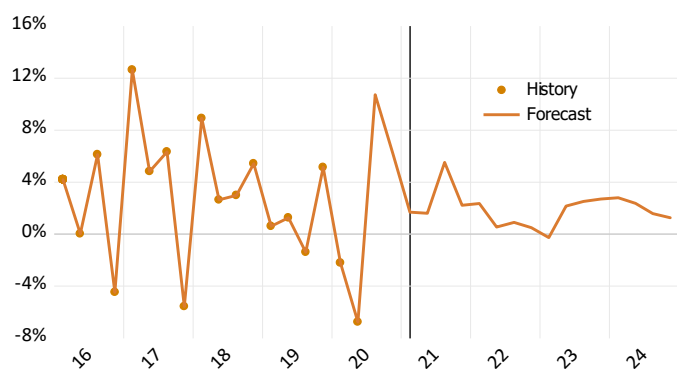
Demand across healthcare is, however, not uniform. Nationwide, one in twelve doctors have closed practices due to the pandemic, and a quarter of doctors are considering retiring early.⁹ Social assistance—which is included in the measure reported in the graph “Large Idaho Employment Sectors” page 21—has also seen attrition. On a not seasonally-adjusted basis, employment in this sector is 14,800 in Idaho. The most recent year with a value that low at this time of the season was 2016. Social assistance started 2020 above 16,000 jobs in Idaho. Residential care facilities have also seen jobs drop back to 2016–2017 levels.

Healthcare and social assistance is also combined with private education in the *Idaho Economic Model*. That sector is expected to close 2020 showing employment of 110,300 for the yearly average, or 0.8% below the 2019 figure. Growth resumes in 2021, at 1.6%, followed by 4.5% in 2022, 3.6% in 2023, and 3.7% in 2024, bringing the total for that year to 125,800 jobs.

Agriculture and Food Processing: Both Amy’s Kitchen in Pocatello and Lamb Weston are adding new lines to existing food processing facilities in Eastern Idaho. Chobani has made \$15/hour its minimum wage at its Twin Falls operations.

Covid-19 disrupted Idaho’s potato industry. Usually, 60% of potatoes are directed towards the foodservice industry (restaurants and large institutions). After the disruption, retail sales are up 15%, and more than one-in-five vegetables sold at grocery stores is a potato. Beef prices were also roiled by the pandemic and the ensuing shutdown of most restaurants across the US. Prices fell 11% for live cattle. However, local meat processors/butchers have backlogs of work stretching months.

Annualized Rate of Employment Change in Food Processing



University of Idaho (U of I) is moving towards having a 2,000-head research dairy farm in the Rupert area operational by 2023. The U of I facility will begin construction in July 2021. It is planned that cooperative endeavor with the College of Southern Idaho and Brigham Young University–Idaho. This research facility reflects Idaho’s growing importance in dairy. On a web-call discussing the dairy, the dean from U of I remarked that Idaho has moved from being the 20th dairy producing state in 2005 to the third dairy state today. There are over 600,000 dairy cattle in the state, producing about 15 billion gallons of milk per year.

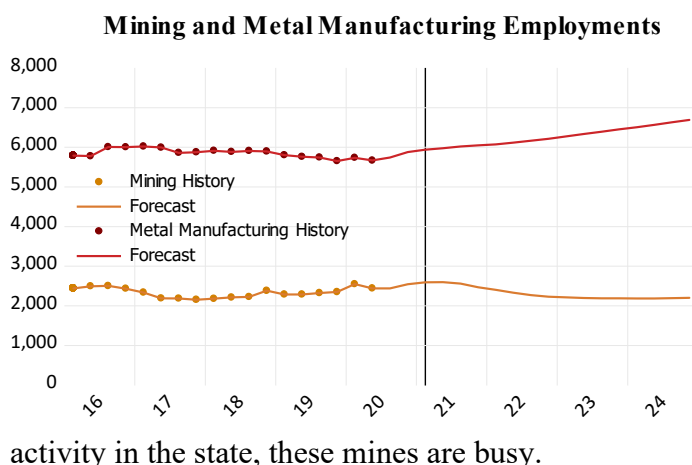
Lemhi River ranchers are engaged in conservation actions for fish habitat while at the same time preserving agriculture in the Lemhi Valley. These include over 110 fish screens at irrigation diversions

⁹ <https://www.marketplace.org/2020/12/18/doctors-are-leaving-medicine-because-of-the-pandemic/>

and placing fish weirs at over 75 irrigation diversions, as well as water efficiency projects such as using more efficient sprinklers. Funding for these projects is partly due to the Bonneville Power Administration.

Food processing is expected to employ just 150 more jobs for the 2020 yearly average than the 2019 yearly average, but growth resumes for 2021 with the total up by 700, or 3.6%, to 20,000. By 2024 the industry is expected to have 21,100 jobs.

Metal manufacturing and mining: The Idaho Mining Association held an online convention in late October, highlighting several new or expanding projects. Idaho has long been known for gold mining, and there is renewed interest in extraction of that metal at several sites in the state, from the old Stibnite site in Valley County, to the Champagne site in Butte County, to the Arnett Mine in Lemhi County. Each of these is in the exploratory phase.



The Coeur d'Alene District still represents the largest metal mining region in the state. Hecla's Bunker Hill Mine has been operating since 2019 after a year-long strike. The other concentrated mining enterprise is in the southeast of the state, where phosphate is mined to make fertilizer. However, among the largest employers collectively in mining are the many sand and gravel pits. These provide the bed material for roads and buildings. Given the construction

activity in the state, these mines are busy. Ammunition manufacturing is a large industry in the Lewiston area. Vista Outdoor has swung to a \$78 million profit from a \$12 million loss compared to year ago. The company indicates it has \$1 billion in its order book.

Mining employed 2,500 jobs in Idaho across 2020. Metal manufacturing employs 6,000 jobs. Together the two are expected to hold 8,800 jobs by 2024.

Government: The University of Idaho (U of I) entered into a concessionary agreement regarding its steam plant. This allows the university access up-front to funds (\$225 million¹⁰) while still maintaining ownership of the plant. Lewis-Clark State College (LCSC) signed a memorandum of understanding with the Confederated Tribes of the Umatilla Indian Reservation in eastern Oregon. That confederation has 3,100 members. LCSC has similar agreements with the Nez Perce and Coeur d'Alene tribes. These agreements are intended to increase access to the college, for example with language offerings. LCSC has more than 90 current students who are Native American. U of I, Boise State University, and Idaho State University have made investments for a joint cybersecurity major. There is demand for this

¹⁰ <https://www.uidaho.edu/news/news-articles/news-releases/2020-fall/110220-p3>

expertise at Idaho National Laboratory, which is a major cybersecurity installation for the US government.

Online K-12 schools in Idaho have seen large enrollment increases this academic year. Both the Idaho Virtual Academy (a charter school) and the Idaho Home Learning Academy (from Oneida's School District) have seen better than 100% student population growth over last academic year. Coeur d'Alene school district has been seeking more bus drivers. Nampa and Vallivue school districts have raised the compensation for substitute teachers by \$15/day (or better than 18%). Middleton School District has used federal Covid-19 funds to boost pay for its employees. This is due to the additional workload that the pandemic has brought. Lewiston also used federal funds to boost teacher pay.

The INL has a new director, who comes from Oak Ridge National Laboratory with 17 years of experience there. The INL employs more than 5,000, and the lab is partly responsible for the higher salaries reported in Butte County. INL was named by the Department of Energy as the preferred site for a new Versatile Test Reactor.

Two million dollars of CARES Act monies were directed to the Idaho National Guard for deployment of troops within the state to assist Covid-19 related cleaning, patient screenings, and logistics. Another portion of the federal funds were used by the Idaho Falls Fire Department for radio upgrades.

Governmental employment is expected to have fallen slightly in 2020 (-0.7%), and to remain below 126,600 jobs across the full spectrum (local, state, federal, education, administrative, and tribal) in 2021. Total employment is estimated at 130,700 in 2024.

IDAHO ECONOMIC FORECAST
BASELINE AND ALTERNATIVE FORECASTS
JANUARY 2021

	BASELINE					OPTIMISTIC					PESSIMISTIC				
	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
U.S. GDP (BILLIONS)															
Current \$	20,924	21,986	22,999	24,056	25,275	20,945	22,360	23,437	24,590	25,865	20,890	21,543	22,365	23,219	24,282
% Ch	-2.4%	5.1%	4.6%	4.6%	5.1%	-2.3%	6.8%	4.8%	4.9%	5.2%	-2.5%	3.1%	3.8%	3.8%	4.6%
2012 Chain-Weighted	18,413	18,982	19,464	19,945	20,528	18,430	19,275	19,759	20,271	20,850	18,382	18,668	19,216	19,722	20,344
% Ch	-3.6%	3.1%	2.5%	2.5%	2.9%	-3.5%	4.6%	2.5%	2.6%	2.9%	-3.7%	1.6%	2.9%	2.6%	3.2%
PERSONAL INCOME - CURR \$															
Idaho (Millions)	88,660	89,132	92,897	97,695	103,141	88,682	89,762	93,789	98,651	104,048	88,635	88,338	91,843	96,230	101,213
% Ch	7.9%	0.5%	4.2%	5.2%	5.6%	8.0%	1.2%	4.5%	5.2%	5.5%	7.9%	-0.3%	4.0%	4.8%	5.2%
U.S. (Billions)	19,631	19,364	20,052	20,941	22,000	19,638	19,619	20,357	21,260	22,307	19,613	19,041	19,585	20,291	21,158
% Ch	5.8%	-1.4%	3.6%	4.4%	5.1%	5.9%	-0.1%	3.8%	4.4%	4.9%	5.7%	-2.9%	2.9%	3.6%	4.3%
PERSONAL INCOME - 2012 \$															
Idaho (Millions)	79,758	78,683	80,240	82,750	85,728	79,772	79,062	80,603	82,993	85,767	79,735	78,440	80,680	83,642	86,971
% Ch	6.7%	-1.3%	2.0%	3.1%	3.6%	6.7%	-0.9%	1.9%	3.0%	3.3%	6.6%	-1.6%	2.9%	3.7%	4.0%
U.S. (Billions)	17,660	17,095	17,320	17,738	18,286	17,666	17,281	17,495	17,885	18,388	17,644	16,908	17,205	17,637	18,181
% Ch	4.6%	-3.2%	1.3%	2.4%	3.1%	4.6%	-2.2%	1.2%	2.2%	2.8%	4.5%	-4.2%	1.8%	2.5%	3.1%
TOTAL NONFARM EMPLOYMENT															
Idaho	752,923	783,324	805,857	826,186	848,693	752,974	785,257	809,688	829,542	850,836	752,886	781,656	805,165	826,222	849,642
% Ch	-1.0%	4.0%	2.9%	2.5%	2.7%	-1.0%	4.3%	3.1%	2.5%	2.6%	-1.0%	3.8%	3.0%	2.6%	2.8%
U.S. (Thousands)	142,412	147,489	151,299	153,351	155,112	142,457	149,196	152,755	154,574	155,981	142,267	145,522	148,853	151,427	153,788
% Ch	-5.6%	3.6%	2.6%	1.4%	1.1%	-5.6%	4.7%	2.4%	1.2%	0.9%	-5.7%	2.3%	2.3%	1.7%	1.6%
GOODS-PRODUCING SECTOR															
Idaho	125,912	133,707	139,378	143,081	147,563	125,932	134,426	141,146	144,690	148,693	125,903	133,166	138,641	141,428	145,851
% Ch	0.3%	6.2%	4.2%	2.7%	3.1%	0.3%	6.7%	5.0%	2.5%	2.8%	0.3%	5.8%	4.1%	2.0%	3.1%
U.S. (Thousands)	20,151	20,130	20,291	20,534	20,578	20,146	20,367	20,548	20,664	20,585	20,138	20,108	20,079	20,282	20,312
% Ch	-4.4%	-0.1%	0.8%	1.2%	0.2%	-4.4%	1.1%	0.9%	0.6%	-0.4%	-4.4%	-0.1%	-0.1%	1.0%	0.1%
NONGOODS-PRODUCING SECTOR															
Idaho	627,012	649,617	666,478	683,105	701,129	627,042	650,831	668,542	684,852	702,144	626,983	648,490	666,525	684,793	703,790
% Ch	-1.2%	3.6%	2.6%	2.5%	2.6%	-1.2%	3.8%	2.7%	2.4%	2.5%	-1.2%	3.4%	2.8%	2.7%	2.8%
U.S. (Thousands)	122,261	127,358	131,008	132,816	134,534	122,312	128,828	132,206	133,911	135,395	122,129	125,414	128,773	131,146	133,476
% Ch	-5.9%	4.2%	2.9%	1.4%	1.3%	-5.8%	5.3%	2.6%	1.3%	1.1%	-6.0%	2.7%	2.7%	1.8%	1.8%
SELECTED INTEREST RATES															
Federal Funds	0.4%	0.1%	0.1%	0.1%	0.1%	0.4%	0.1%	0.1%	0.1%	0.4%	0.4%	0.1%	0.1%	0.1%	0.1%
Bank Prime	3.5%	3.3%	3.3%	3.3%	3.3%	3.5%	3.3%	3.3%	3.3%	3.5%	3.5%	3.3%	3.3%	3.3%	3.3%
Existing Home Mortgage	3.3%	3.3%	3.4%	3.5%	3.6%	3.3%	3.2%	3.5%	3.7%	3.7%	3.3%	3.2%	3.2%	3.1%	3.2%
INFLATION															
GDP Price Deflator	1.2%	1.9%	2.0%	2.1%	2.1%	1.2%	2.1%	2.2%	2.3%	2.3%	1.2%	1.6%	0.9%	1.2%	1.4%
Personal Cons Deflator	1.2%	1.9%	2.2%	2.0%	1.9%	1.2%	2.1%	2.5%	2.2%	2.1%	1.2%	1.3%	1.1%	1.1%	1.2%
Consumer Price Index	1.3%	2.3%	2.6%	2.2%	2.1%	1.3%	2.6%	2.9%	2.4%	2.2%	1.3%	1.7%	1.6%	1.4%	1.4%

ALTERNATIVE FORECASTS

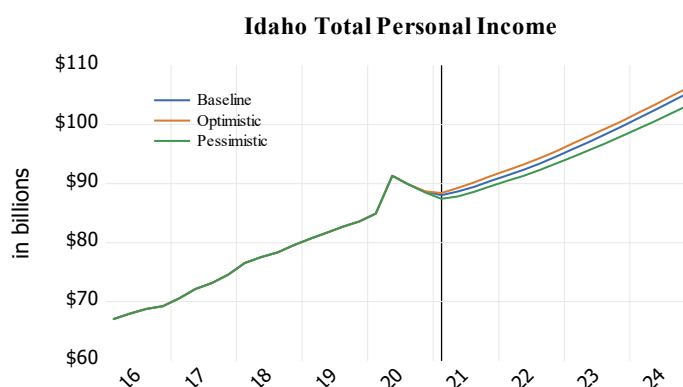
IHS currently balances the likelihoods for the *Baseline*, *Pessimistic*, and *Optimistic Scenarios*. Those are 50%, 25%, and 25% likelihoods, respectively. They were 50%, 30%, and 20% in the prior report.

A snapshot of the national *Baseline Scenario* using annual rates across 2020–2024 is:

- Real GDP annual change: -3.6, +3.1, 2.5, 2.5, and 2.9 percent across those five years.
- Nonfarm payrolls annual change: -5.6, +3.6, 2.6, 1.4, and 1.1 percent.
- Headline (U-3) unemployment rate: 8.1, 5.7, 4.7, 4.4, and 4.0 percent.
- CPI inflation: 1.3, 2.3, 2.6, 2.2, and 2.1 percent.
- Publicly held debt as a fraction of GDP: 103.7, 106.9, 109.2, 110.4, and 110.4 percent again.

A snapshot of the Idaho economy under the *Baseline Scenario* is:

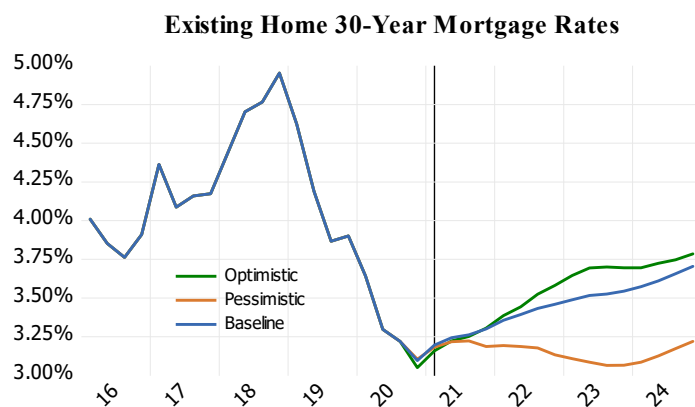
- Nonfarm payroll annual change: -1.0, +4.0, 2.9, 2.5, and 2.7 percent.
- Nominal personal income growth: +7.9, 0.5, 4.2, 5.2, and 5.6 percent.



The different outlooks for Idaho are strongly linked by the outlook for interest rates. The pessimistic case has markedly lower mortgage rates, which leads to higher housing starts, and hence helps to sustain construction employment in Idaho. That counters employment shortfalls elsewhere in Idaho’s jobs market in that scenario. Conversely, higher mortgage rates in the optimistic case leads to lower housing starts and employment gains are mitigated by that fact.

IHS SENARIO RANGE

The range in outcomes in the three basic IHS scenarios is narrower in this edition of the economic outlook. Oil prices are only modestly different in 2021, cheaper by \$2/barrel, with the difference growing to \$6/barrel in 2022 in the pessimistic case. The optimistic case has those dearer by \$2/barrel in 2021 and \$3/barrel in 2022. Overall, the range for 2022 is \$50–59. For the pessimistic case, the stock market rises a little over half as much in 2021 as in the baseline, but both scenarios have stocks up across that year, with slim gains expected in 2022 (up 0.8–1.2% across all three scenarios). The optimistic case has 2021 gains one-third better than the baseline; the full three-scenario range is +6.5–14.1% for 2021. Credit conditions are expected to gradually ease in 2021 across all three cases.



Monetary policy in the baseline has liftoff from the zero-lower bound for the federal funds rate in 2026. That is postponed until 2029 in the pessimistic case and accelerated to 2024 in the optimistic case. Longer-term interest rates move earlier, and with them, mortgage rates.

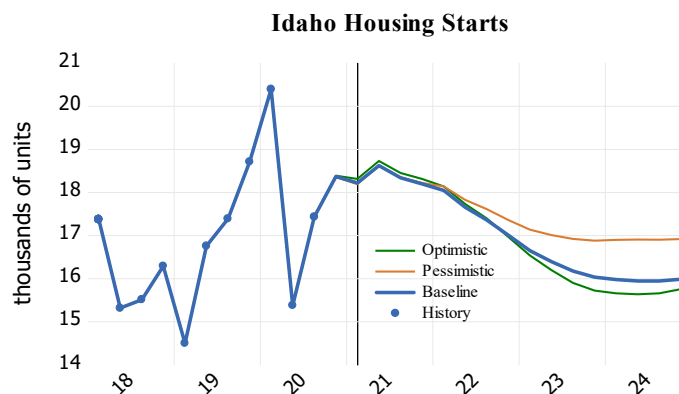
In terms of nominal GDP, crossing above the previous peak occurs in early 2022 in the baseline, in mid-2021 in the optimistic case, and in mid-2022 in the pessimistic case.

PESSIMISTIC SCENARIO: IDAHO OUTCOME

The outlook for construction employment in Idaho in the pessimistic case sees employment just 400 below the baseline case by the close of 2021, with over 62,300 jobs in the industry. That grows to an 800-job difference by the close of 2022. At the end of 2024, the difference is just 460 jobs. These are much smaller difference than foreseen in most forecasts. For instance, in the prior forecast, the difference was by 1,400 at the close of 2021, by 1,900 at the close of 2022, and back to 1,200 by the end of 2024.

A closely tied sector to construction within the *Idaho Economic Model* is retail trade. Building material are bought at stores like Home Depot and Lowe's, and furnishings and supplies are bought once the home is occupied. For retail trade, the outcome begins narrowly down and then reverses. Just 200 fewer jobs by the fourth quarter of 2021, 300 more by the close of 2022, and 700 more by the end of 2024. As with construction, this is relatively stronger than in the prior forecast in comparison with the baseline. In retail the differences were 1,100 fewer in the fourth quarter of 2021, 300 fewer closing 2022, and 300 more finishing 2024.

These two sectors account for a sixth of the nonfarm jobs in Idaho. They are indicative that the baseline and pessimistic cases have similar jobs outcomes in this forecast. As personal income's largest contributor is wage and salary payments, there is also a narrow band between the two scenarios' outcomes for personal income, and this is visible on the opening graph of this section detailing the alternative forecasts.



Housing starts are expected at 18,300 in 2021, 17,500 in 2022, and 16,000 in 2024. Construction employment should cross above 60,700 in 2021, reach 64,300 in 2022, and 69,100 in 2024. Retail employment may be just shy of 92,000 in 2021, above 94,200 in 2022, and at 99,200 in 2024. Total nonfarm jobs are expected to reach 781,700 in 2021 in the pessimistic case, then 805,200 in 2022. By 2024 the total is expected to reach 849,600 by way of 826,200 in 2023. These represent 3.8, 3.0, and 2.6,

and 2.8 percent annual growth rates chronologically. Personal income is expected at \$88.3 billion in 2021, \$91.8 billion in 2022, and to hit \$101.2 billion in 2024 after posting \$96.2 billion in 2023; these represent -0.3, +4.0, 4.8 and 5.2 percent annual growth rates chronologically.

OPTIMISTIC SCENARIO: IDAHO OUTCOME

Construction employment is just 100 higher in 2021 than in the baseline, 500 higher in 2022, and 530 higher in 2024. Current (full year 2020) employment in construction is near 56,000, and the baseline has that near 70,000 in 2024. In the prior forecast (October 2020), those differenced were 450 in 2021, 850 in 2022, and 450 in 2024. In the forecast from one year ago (January 2020), the 2021 difference was 450, the 2022 difference was 1,050, and the 2024 difference was 2,800. Thus, while the optimistic case does bring more construction jobs than in the baseline, the current forecast does not foresee as large of an increase as some recent forecasts have seen.

Retail jobs are predicted to be just 170 stronger in 2022 than in the baseline. The difference becomes 300 in 2022, and it shrinks to just 10 by 2024. In the October forecast the differences would have been: 370 in 2021, 340 in 2022, and a reversal to a loss by 340 in 2024. One year ago, the differences would have been: +240 in 2021, 780 in 2022, and 1,880 in 2024. In either set of comparisons, the current outlook for retail is more stable between baseline and optimistic cases in this forecast.

Housing starts are predicted to be 18,500 units, 17,600 units, and 15,700 units for the corresponding years 2021, 2022, and 2024. Construction employment ends 2024 at 70,200 and retail employment ends that year at 98,600. Total nonfarm jobs are predicted to be 785,300 in 2021, 809,700 in 2022, and 850,800 in 2024 with 829,500 in between for 2023; these come about through annual growth rates of 4.3, 3.1, 2.5, and 2.6, chronologically. Personal income is predicted at \$89.8 billion in 2021, \$93.8 billion in 2022, and \$104.0 billion in 2024 with \$98.7 billion in between for 2023; corresponding annual growth rates are 1.2, 4.5, 5.2, and 5.5, chronologically.

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Idaho General Fund Revenue

History and Forecasts

The following pages describe the sources of General Fund revenue, provide both tax rates and distribution formulas, historical and projected collections, and summarize the basis of each revenue source's forecast.

The three largest revenue categories (individual income, corporate income, and sales taxes) account for about 95% 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 2021 *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, and receipts to date. Some components are projected by experts in various Idaho government departments. For example, the insurance premium tax reported in this document is prepared by the staff of the Department of Insurance.

IDAHO GENERAL FUND REVENUE (\$ MILLION)

SOURCE	HISTORY						
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
INDIVIDUAL INCOME TAX	\$1,061.875	\$1,152.651	\$1,206.407	\$1,284.384	\$1,329.265	\$1,470.857	\$1,513.169
% CHANGE	-9.1%	8.5%	4.7%	6.5%	3.5%	10.7%	2.9%
CORPORATE INCOME TAX	\$97.021	\$168.950	\$187.014	\$198.659	\$188.291	\$215.403	\$186.869
% CHANGE	-31.2%	74.1%	10.7%	6.2%	-5.2%	14.4%	-13.2%
SALES TAX	\$955.909	\$972.380	\$1,027.344	\$1,109.829	\$1,145.732	\$1,218.770	\$1,303.028
% CHANGE	-6.5%	1.7%	5.7%	8.0%	3.2%	6.4%	6.9%
CIGARETTE TAX	\$16.900	\$14.400	\$11.600	\$13.077	\$3.696	\$3.338	\$7.900
TOBACCO PRODUCTS	\$7.819	\$8.475	\$8.925	\$10.013	\$9.884	\$10.505	\$11.596
BEER TAX	\$2.070	\$1.971	\$1.944	\$1.928	\$1.891	\$1.911	\$1.934
WINE TAX	\$3.000	\$3.211	\$3.454	\$3.909	\$4.135	\$4.238	\$4.481
LIQUOR SURCHARGE	<u>\$11.394</u>	<u>\$14.761</u>	<u>\$17.248</u>	<u>\$20.925</u>	<u>\$24.210</u>	<u>\$25.480</u>	<u>\$25.890</u>
PRODUCT TAXES	\$41.183	\$42.819	\$43.172	\$49.851	\$43.815	\$45.471	\$51.801
% CHANGE	38.5%	4.0%	0.8%	15.5%	-12.1%	3.8%	13.9%
KILOWATT-HOUR TAX	\$2.138	\$2.430	\$2.982	\$1.920	\$1.840	\$1.918	\$1.877
MINE LICENSE TAX	\$1.797	\$1.536	\$2.025	\$0.531	\$0.519	\$0.069	(\$0.247)
INTEREST EARNINGS	(\$1.318)	(\$0.431)	(\$0.604)	\$0.356	(\$0.366)	(\$1.571)	\$0.324
COURT FEES AND FINES	\$5.384	\$5.117	\$4.849	\$4.592	\$4.356	\$6.141	\$6.025
INSURANCE PREMIUM TAX	\$53.632	\$54.118	\$56.580	\$55.622	\$59.356	\$61.747	\$72.123
ALCOHOLIC BEVERAGE LICENSES	\$1.469	\$1.524	\$1.557	\$0.128	\$0.000	(\$0.003)	\$0.000
UCC FILINGS	\$2.419	\$2.413	\$2.428	\$2.538	\$2.702	\$2.765	\$3.009
UNCLAIMED PROPERTY	\$8.225	\$4.512	\$8.888	\$6.997	\$5.655	\$6.293	\$9.928
LANDS	\$0.647	\$0.622	\$1.042	\$0.830	\$1.231	\$0.720	\$0.000
ONE-TIME TRANSFERS	\$1.544	\$4.882	\$16.155	\$4.530	\$4.222	\$1.987	\$8.596
ESTATE TAX	(\$0.173)	\$0.521	(\$0.022)	\$0.063	\$0.304	\$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>
MISC. REVENUE	\$108.469	\$107.676	\$123.777	\$107.559	\$108.327	\$106.265	\$128.828
% CHANGE	3.6%	-0.7%	15.0%	-13.1%	0.7%	-1.9%	21.2%
TOTAL GENERAL FUND*	\$2,264.457	\$2,444.475	\$2,587.713	\$2,750.282	\$2,815.429	\$3,056.766	\$3,183.694
% CHANGE	-8.2%	7.9%	5.9%	6.3%	2.4%	8.6%	4.2%

* Totals may not add due to rounding.

IDAHO GENERAL FUND REVENUE (\$ MILLION)

SOURCE	HISTORY				FORECAST		
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
INDIVIDUAL INCOME TAX	\$1,651.196	\$1,828.282	\$1,661.130	\$1,905.246	\$1,977.060	\$2,089.445	\$2,174.140
% CHANGE	9.1%	10.7%	-9.1%	14.7%	3.8%	5.7%	4.1%
CORPORATE INCOME TAX	\$214.020	\$238.708	\$283.163	\$243.337	\$260.727	\$260.889	\$283.695
% CHANGE	14.5%	11.5%	18.6%	-14.1%	7.1%	0.1%	8.7%
SALES TAX	\$1,382.418	\$1,490.015	\$1,597.704	\$1,689.376	\$1,837.966	\$1,866.354	\$1,913.736
% CHANGE	6.1%	7.8%	7.2%	5.7%	8.8%	1.5%	2.5%
CIGARETTE TAX	\$9.975	\$7.306	\$10.388	\$7.939	\$8.797	\$9.524	\$9.274
TOBACCO PRODUCTS	\$12.652	\$13.253	\$13.676	\$13.043	\$13.975	\$13.782	\$13.950
BEER TAX	\$1.935	\$1.965	\$1.993	\$2.095	\$2.082	\$2.047	\$2.051
WINE TAX	\$4.652	\$4.815	\$4.986	\$5.071	\$5.243	\$5.356	\$5.605
LIQUOR SURCHARGE	<u>\$28.880</u>	<u>\$30.960</u>	<u>\$33.235</u>	<u>\$37.400</u>	<u>\$42.603</u>	<u>\$42.189</u>	<u>\$44.102</u>
PRODUCT TAXES	\$58.094	\$58.299	\$64.278	\$65.547	\$72.700	\$72.898	\$74.982
% CHANGE	12.1%	0.4%	10.3%	2.0%	10.9%	0.3%	2.9%
KILOWATT-HOUR TAX	\$2.108	\$2.592	\$2.371	\$2.066	\$2.100	\$2.100	\$2.100
MINE LICENSE TAX	\$0.050	\$0.024	\$0.023	\$0.077	\$0.100	\$0.100	\$0.100
INTEREST EARNINGS	(\$0.147)	\$4.654	\$2.850	\$0.144	\$1.555	\$1.412	\$2.123
COURT FEES AND FINES	\$8.444	\$9.184	\$8.213	\$7.156	\$7.300	\$7.412	\$7.517
INSURANCE PREMIUM TAX	\$75.423	\$70.486	\$75.352	\$84.421	\$67.670	\$69.486	\$69.486
ALCOHOLIC BEVERAGE LICENSES	\$0.000	(\$0.000)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
UCC FILINGS	\$3.169	\$3.484	\$3.988	\$4.851	\$5.000	\$5.200	\$5.350
UNCLAIMED PROPERTY	\$10.369	\$8.507	\$11.801	\$14.110	\$13.500	\$13.500	\$13.500
LANDS	\$0.130	\$1.141	\$0.041	\$0.072	\$0.053	\$0.063	\$0.058
ONE-TIME TRANSFERS	\$14.338	\$8.806	\$15.698	\$0.000	\$0.000	\$0.000	\$0.000
ESTATE TAX	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
OTHER DEPTS & TRANSFERS	<u>\$28.796</u>	<u>\$7.424</u>	<u>\$7.996</u>	<u>\$15.575</u>	<u>\$8.861</u>	<u>\$15.139</u>	<u>\$16.056</u>
MISC. REVENUE	\$142.679	\$116.301	\$128.331	\$128.473	\$106.140	\$114.411	\$116.290
% CHANGE	10.8%	-18.5%	10.3%	0.1%	-17.4%	7.8%	1.6%
TOTAL GENERAL FUND*	\$3,448.407	\$3,731.606	\$3,734.606	\$4,031.978	\$4,254.593	\$4,403.998	\$4,562.843
% CHANGE	8.3%	8.2%	0.1%	8.0%	5.5%	3.5%	3.6%

* Totals may not add due to rounding.

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 are 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	Single and Married Filing Separately income tax rates. Double bracket income for other filers.								
	\$0-1,000	\$1,001-\$2,000	\$2,001-\$3,000	\$3,001-4,000	\$4,001-5,000	\$5,001-6,000	\$6,001-7,500	\$7,501-20,000	\$20,001+
1931	1.000%	1.000%	2.000%	2.000%	3.000%	3.000%	4.000%	4.000%	4.000%
1933	1.000%	2.000%	3.000%	4.000%	5.000%	6.000%	6.000%	6.000%	6.000%
1935	1.500%	3.000%	4.000%	5.000%	6.000%	8.000%	8.000%	8.000%	8.000%
1955	1.613%	3.225%	4.300%	5.375%	6.450%	8.600%	8.600%	8.600%	8.600%
1957	2.000%	4.000%	5.500%	6.600%	7.700%	8.800%	8.800%	8.800%	8.800%
1959	3.500%	5.000%	6.500%	7.500%	8.500%	9.500%	9.500%	9.500%	9.500%
1963	3.400%	5.500%	7.200%	8.250%	9.350%	10.500%	10.500%	10.500%	10.500%
1965	2.500%	5.000%	6.000%	7.000%	8.000%	9.000%	9.000%	9.000%	9.000%
1972	2.000%	4.000%	4.500%	5.500%	6.500%	7.500%	7.500%	7.500%	7.500%
1987	2.000%	4.000%	4.500%	5.500%	6.500%	7.500%	7.500%	7.800%	8.200%
2000	1.900%	3.900%	4.400%	5.400%	6.400%	7.400%	7.400%	7.700%	8.100%
2001	1.600%	3.600%	4.100%	5.100%	6.100%	7.100%	7.100%	7.400%	7.800%
2012	1.600%	3.600%	4.100%	5.100%	6.100%	7.100%	7.100%	7.400%	7.400%
2018	1.125%	3.125%	3.625%	4.625%	5.625%	6.625%	6.625%	6.925%	6.925%

Statutory income brackets used for table. Brackets have been adjusted for inflation annually since 2000.

1. 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. Idaho also provides a number of credits that are not included in the federal tax code. 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).

Most net income tax liability, interest, and penalties is distributed to the General Fund. A notable exception is withholding collections on Idaho lottery winnings that are distributed to public schools and counties. An amount equal to 20% of the individual income taxes collected by the Idaho State Tax Commission is required to be deposited in the State Refund Fund. Any balance exceeding \$1,500,000 in this fund at the end of the fiscal year is transferred to the General Fund on June 30.

A separate filing tax of \$10 per income tax return has been assessed since 1959. Proceeds of the filing tax went to the General Fund until 1961, when their distribution was changed to the Permanent Building Fund. The income tax return form includes a variety of other 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 Forecast:

The forecasts of General Fund revenue from the individual income tax for FY 2021 through FY 2023 are based on a combination of econometric analysis and judgment.

Idaho wage and salary payments data and seasonal factors are used to project withholding collections. Filing collections are estimated using the S&P 500 Index and Idaho personal income from dividends, interest, and rent as the explanatory variables. 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 is consistent with current laws; it anticipates no further law changes over the forecast period.

HISTORICAL AND FORECASTED INDIVIDUAL INCOME TAX (\$1,000)

Year		Gross Collections	Distribution			
			Refunds	General Fund	Permanent Building Fund	Miscellaneous
FY10	Actual	\$1,370,681	\$301,304	\$1,061,875	\$6,065	\$1,437
FY11	Actual	\$1,454,669	\$284,806	\$1,152,651	\$5,888	\$11,324
FY12	Actual	\$1,514,529	\$300,615	\$1,206,407	\$5,793	\$1,714
FY13	Actual	\$1,609,390	\$316,171	\$1,284,384	\$6,452	\$2,383
FY14	Actual	\$1,654,830	\$317,555	\$1,329,265	\$6,297	\$1,713
FY15	Actual	\$1,809,575	\$330,705	\$1,470,857	\$6,283	\$1,730
FY16	Actual	\$1,889,855	\$367,859	\$1,513,169	\$7,136	\$1,692
FY17	Actual	\$2,035,921	\$376,103	\$1,651,196	\$7,008	\$1,614
FY18	Actual	\$2,238,674	\$401,157	\$1,828,282	\$7,103	\$2,132
FY19	Actual	\$2,003,812	\$333,743	\$1,661,130	\$7,259	\$1,679
FY20	Actual	\$2,171,357	\$257,286	\$1,905,246	\$7,174	\$1,651
FY21	Projection	\$2,304,524	\$318,312	\$1,977,060	\$7,302	\$1,850
FY22	Projection	\$2,400,942	\$302,166	\$2,089,445	\$7,413	\$1,919
FY23	Projection	\$2,502,394	\$318,703	\$2,174,140	\$7,527	\$2,024

CORPORATE INCOME TAX

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

Collections from the corporate income tax are based on a flat rate of 6.925% 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. Idaho requires corporations to file quarterly payments of estimated taxes.

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	1.000%	1.000%	2.000%	2.000%	3.000%	3.000%	4.000%
1933	1.000%	2.000%	3.000%	4.000%	5.000%	6.000%	6.000%
1935	1.500%	3.000%	4.000%	5.000%	6.000%	6.000%	8.000%
1954	1.275%	2.550%	3.400%	4.250%	5.100%	5.100%	6.800%
1955	7.500%	7.500%	7.500%	7.500%	7.500%	7.500%	7.500%
1957	8.000% + 10% Surcharge in 1957 and 1958.						
1959	9.500%	9.500%	9.500%	9.500%	9.500%	9.500%	9.500%
1963	10.500%	10.500%	10.500%	10.500%	10.500%	10.500%	10.500%
1965	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%	6.000%
1972	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%
1981	6.500% + 0.2% franchise tax up to \$250,000.						
1983	7.700%	7.700%	7.700%	7.700%	7.700%	7.700%	7.700%
1987	8.000%	8.000%	8.000%	8.000%	8.000%	8.000%	8.000%
2001	7.600%	7.600%	7.600%	7.600%	7.600%	7.600%	7.600%
2012	7.400%	7.400%	7.400%	7.400%	7.400%	7.400%	7.400%
2018	6.925%	6.925%	6.925%	6.925%	6.925%	6.925%	6.925%

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 is 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 Forecast:

Forecasts of the General Fund revenue from the corporate income tax in FY 2021 through FY 2023 are based on a combination of econometric analysis and judgment.

**HISTORICAL AND FORECASTED CORPORATE INCOME TAX
(\$1,000)**

		Gross Collections	Distribution			
			Refunds	General Fund	Permanent Building Fund	Miscellaneous
FY10	Actual	\$136,835	\$38,508	\$97,021	\$490	\$816
FY11	Actual	\$191,155	\$20,941	\$168,950	\$455	\$809
FY12	Actual	\$206,627	\$18,037	\$187,014	\$453	\$1,122
FY13	Actual	\$223,114	\$22,773	\$198,659	\$543	\$1,138
FY14	Actual	\$217,544	\$27,209	\$188,291	\$479	\$1,564
FY15	Actual	\$236,860	\$19,778	\$215,403	\$615	\$1,064
FY16	Actual	\$222,753	\$33,758	\$186,869	\$694	\$1,432
FY17	Actual	\$242,765	\$26,124	\$214,020	\$572	\$2,049
FY18	Actual	\$267,239	\$26,430	\$238,708	\$822	\$1,279
FY19	Actual	\$308,601	\$23,640	\$283,163	\$799	\$999
FY20	Actual	\$275,045	\$29,088	\$243,337	\$691	\$1,929
FY21	Projection	\$294,815	\$31,606	\$260,727	\$703	\$1,779
FY22	Projection	\$294,998	\$31,626	\$260,889	\$714	\$1,770
FY23	Projection	\$320,786	\$34,390	\$283,695	\$725	\$1,976

SALES TAX

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

Idaho's 6% sales tax 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 and multistate compact revenues. The Transportation Expansion and Congestion Mitigation Fund is allocated 1.0% of the amount remaining after the revenue sharing distribution. The Permanent Building Fund receives \$5,000,000. The Water Pollution Control Fund gets \$4,800,000. Another \$8,487,103 funds the Agricultural Equipment Property Tax Exemption and approximately \$18.6 million 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.

In addition to Idaho-based sellers, remote retailers and marketplace facilitators are required to collect and remit sales taxes when their Idaho sales exceed \$100,000 in the preceding twelve-month period. For fiscal years 2020 through 2024, these taxes, net of refunds, are directed to the Tax Relief Fund. Thereafter, these receipts are to be distributed as described in the second paragraph, with the exception the General Fund receives none of these receipts.

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.

SALES TAX RATE AND DISTRIBUTION HISTORY (\$1,000)

Effective Date	Tax Rate	General Fund	Permanent Building Fund	Revenue Sharing	Alloc. to Counties	Water Pollution Control Fund	Public School Income Fund	Agricultural Equipment Property Tax Exemption	Personal Property Tax Exemption	Trans. Expansion & Congest. Mitigation Fund
Jul-1965	3.0%	Balance	\$500							
Jul-1968	3.0%	Balance	\$500		5.0%					
Jul-1969	3.0%	Balance	\$500		10.0%					
Jul-1970	3.0%	Balance	\$500		15.0%					
Jul-1971	3.0%	Balance	\$500		20.0%					
Jul-1975	3.0%	Balance	\$500		20.0%					
Jul-1976	3.0%	Balance	\$500		20.0%					
Jul-1977	3.0%	Balance	\$500		20.0%					
Jul-1980	3.0%	Balance	\$500		10.0%		10.0%			
Mar-1983	4.0%	Balance	\$500		10.0%		10.0%			
Jun-1983	4.5%	Balance	\$500		10.0%		10.0%			
Jul-1984	4.0%	Balance	\$500	6.25%	7.5%	\$4,800				
Apr-1986	5.0%	Balance	\$500	6.25%	7.5%	\$4,800				
Jul-1987	5.0%	Balance	\$500	7.75%	6.0%	\$4,800				
Jul-1988	5.0%	Balance	\$500	7.75%	6.0%	\$4,800				
Jul-1995	5.0%	Balance	\$500	7.75%	6.0%	\$4,800				
Jul-1998	5.0%	Balance	\$500	7.75%	6.0%	\$4,800				
Jul-2000	5.0%	Balance	\$5,000	13.75%	0.0%	\$4,800				
May-2003	6.0%	Balance	\$5,000	13.75%	0.0%	\$4,800				
Jun-2003	6.0%	Balance	\$5,000	11.50%	0.0%	\$4,800				
Jul-2004	6.0%	Balance	\$5,000	11.50%	0.0%	\$4,800		\$13,448		
Jul-2005	5.0%	Balance	\$5,000	11.50%	0.0%	\$4,800		\$13,448		
Aug-2005	5.0%	Balance	\$5,000	13.75%	0.0%	\$4,800		\$13,448		
Oct-2006	6.0%	Balance	\$5,000	13.75%	0.0%	\$4,800		\$13,448		
Nov-2006	6.0%	Balance	\$5,000	11.50%	0.0%	\$4,800		\$8,487		
Jul-2007	6.0%	Balance	\$5,000	11.50%	0.0%	\$4,800		\$8,487		
Jan-2013	6.0%	Balance	\$5,000	11.50%	0.0%	\$4,800		\$8,487	\$18,934	
Jul-2017	6.0%	Balance	\$5,000	11.50%	0.0%	\$4,800		\$8,487	\$18,934	1.00%

Basis of Forecast:

The forecasts of FY 2021 through FY 2023 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.

SALES TAX HISTORY AND FORECAST (\$1,000)

Year		Gross Collections	Distribution										
			Refunds	General Fund	Permanent Building Fund	Revenue Sharing	Water Pollution Control Fund	Circuit Breaker	Personal Property Tax Exemption	Agricultural Equipment Property Tax Exemption	Tax Relief Fund	Transportation Expansion & Congest. Mitigation Fund	Misc. Dist.
FY10	Actual	\$1,123,885	\$3,088	\$955,909	\$5,000	\$128,496	\$4,800	\$15,707	\$0	\$8,487			\$2,398
FY11	Actual	\$1,166,272	\$21,124	\$972,380	\$5,000	\$131,215	\$4,800	\$16,002	\$0	\$8,487			\$7,264
FY12	Actual	\$1,216,228	\$8,738	\$1,027,344	\$5,000	\$138,440	\$4,800	\$16,070	\$0	\$8,487			\$7,348
FY13	Actual	\$1,313,372	\$11,088	\$1,109,829	\$5,000	\$149,426	\$4,800	\$15,901	\$0	\$8,487			\$8,841
FY14	Actual	\$1,369,522	\$3,781	\$1,145,732	\$5,000	\$156,569	\$4,800	\$15,728	\$18,934	\$8,487			\$10,492
FY15	Actual	\$1,456,971	\$5,535	\$1,218,770	\$5,000	\$166,329	\$4,800	\$16,319	\$18,922	\$8,487			\$12,810
FY16	Actual	\$1,553,034	\$4,840	\$1,303,028	\$5,000	\$177,834	\$4,800	\$16,606	\$18,890	\$8,487			\$13,550
FY17	Actual	\$1,643,649	\$5,313	\$1,382,418	\$5,000	\$188,175	\$4,800	\$16,968	\$18,852	\$8,487		\$0	\$13,637
FY18	Actual	\$1,784,749	\$4,552	\$1,490,015	\$5,000	\$204,146	\$4,800	\$17,427	\$18,837	\$8,487		\$15,713	\$15,770
FY19	Actual	\$1,901,712	\$5,765	\$1,597,704	\$5,000	\$217,276	\$4,800	\$17,990	\$18,730	\$8,487		\$16,725	\$9,235
FY20	Actual	\$2,092,204	\$6,294	\$1,689,376	\$5,000	\$230,237	\$4,800	\$19,465	\$18,605	\$8,487	\$83,566	\$17,685	\$8,689
FY21	Projection	\$2,295,812	\$6,926	\$1,837,966	\$5,000	\$249,366	\$4,800	\$20,819	\$18,605	\$8,487	\$115,000	\$19,190	\$9,654
FY22	Projection	\$2,318,783	\$7,131	\$1,866,354	\$5,000	\$253,148	\$4,800	\$21,168	\$18,605	\$8,487	\$104,825	\$19,481	\$9,783
FY23	Projection	\$2,386,264	\$7,423	\$1,913,736	\$5,000	\$259,409	\$4,800	\$21,471	\$18,605	\$8,487	\$117,404	\$19,963	\$9,965

CIGARETTE TAX

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

Idaho's cigarette tax rate is 57 cents per pack of 20 cigarettes. Each year the net amount collected 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 Transportation Expansion and Congestion Mitigation Fund.

CIGARETTE TAX RATE AND DISTRIBUTION HISTORY

Effective Date	Rate per Cigarette				Distribution								Transportation Expansion & Congest. Mitigation Fund
	Total	Public School Income Fund	County Juvenile Probation Fund	Gen. Fund	Central Tumor Registry Fund ^{2,3}	Permanent Building Fund ⁴	Water Pollution Control Fund	Cancer Control Fund	Economic Recovery Reserve Fund	GARVEE Debt Service Fund ⁵	Aquifer Fund ⁶	State Highway Account ⁷	
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		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%					
						+ Remainder							
Jul-2009	\$0.028500	\$0.002587	\$0.002587	Bond Levy Equalization Appropriation less Lottery Contribution.	0.400%	17.300%	0.000%	1.000%					
						+ Remainder							
Jul-2014	\$0.028500	\$3,315,000	\$3,315,000	Bond Levy Equalization Appropriation less Lottery Contribution.	\$120,000	\$5,000,000	\$0	\$300,000	\$0	\$4,700,000	\$5,000,000	Remainder	
						+ Building Bond Balance							
Jul-2017	\$0.028500	\$3,315,000	\$3,315,000	Bond Levy Equalization Appropriation less Lottery Contribution.	\$120,000	\$5,000,000	\$0	\$300,000	\$0	\$4,700,000	\$5,000,000	\$0	Remainder

Basis of Forecast:

Gross cigarette tax collections for FY 2021 through FY 2023 are based on a subjective assessment of recent collections history, Idaho population growth, cigarette tax rates in border states, and the trend toward decreased per capita cigarette consumption.

CIGARETTE TAX COLLECTION HISTORY AND FORECAST (\$1,000)

		Gross Collections	Distribution											
			Refunds	General Fund	Base Permanent Building Fund	Additional Permanent Building Fund	Cancer Control Fund	Central Tumor Registry Fund	Public School Income Fund	County Juvenile Probation Fund	GARVEE Debt Service Fund	Aquifer Fund	State Highway Account	Transportation Expansion & Congest. Mitigation Fund
FY10	Actual	\$39,697	\$39	\$16,900	\$5,563	\$9,244	\$322	\$129	\$3,750	\$3,750				
FY11	Actual	\$39,477	\$16	\$14,400	\$5,540	\$11,635	\$320	\$128	\$3,719	\$3,719				
FY12	Actual	\$38,250	\$3	\$11,600	\$5,370	\$13,636	\$310	\$124	\$3,604	\$3,604				
FY13	Actual	\$37,846	\$1	\$13,077	\$5,306	\$11,858	\$307	\$123	\$3,587	\$3,587				
FY14	Actual	\$36,471	\$5	\$3,696	\$5,208	\$20,779	\$301	\$120	\$3,181	\$3,181				
FY15	Actual	\$36,364	\$0	\$3,338	\$5,000	\$9,961	\$300	\$120	\$3,315	\$3,315	\$4,700	\$5,000	\$1,315	
FY16	Actual	\$37,016	\$17	\$7,900	\$5,000	\$0	\$300	\$120	\$3,315	\$3,315	\$4,700	\$5,000	\$7,349	
FY17	Actual	\$36,303	\$0	\$9,975	\$5,000	\$0	\$300	\$120	\$3,315	\$3,315	\$4,700	\$5,000	\$4,578	
FY18	Actual	\$35,960	\$8	\$7,306	\$5,000	\$0	\$300	\$120	\$3,315	\$3,315	\$4,700	\$5,000	\$0	\$6,896
FY19	Actual	\$34,607	\$0	\$10,388	\$5,000	\$0	\$300	\$120	\$3,315	\$3,315	\$4,700	\$5,000	\$0	\$2,468
FY20	Actual	\$33,580	\$4	\$7,939	\$5,000	\$0	\$300	\$120	\$3,315	\$3,315	\$4,700	\$5,000	\$0	\$3,886
FY21	Projection	\$32,249	\$62	\$8,797	\$5,000	\$0	\$300	\$120	\$3,315	\$3,315	\$4,700	\$5,000	\$0	\$1,640
FY22	Projection	\$30,393	\$62	\$9,524	\$5,000	\$0	\$300	\$120	\$3,315	\$3,315	\$4,700	\$4,057	\$0	\$0
FY23	Projection	\$29,420	\$62	\$9,274	\$5,000	\$0	\$300	\$120	\$3,315	\$3,315	\$4,700	\$3,334	\$0	\$0

TOBACCO PRODUCTS TAX

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

Idaho levies a 35% tax on the wholesale price of tobacco products, except cigarettes. This 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	General 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 Forecast:

The forecasts of General Fund revenues from this source for FY 2021 through FY 2023 are based on a subjective assessment of recent collections history and forecasted national tobacco expenditures.

TOBACCO TAX HISTORY AND FORECAST (\$1,000)

Year		Gross Collections	Distribution			
			Refunds	General Fund	Public School Income Fund	County Juvenile Probation Fund
FY10	Actual	\$8,962	\$26	\$7,819	\$558	\$558
FY11	Actual	\$9,849	\$163	\$8,475	\$605	\$605
FY12	Actual	\$10,204	\$4	\$8,925	\$638	\$638
FY13	Actual	\$11,460	\$17	\$10,013	\$715	\$715
FY14	Actual	\$11,318	\$22	\$9,884	\$706	\$706
FY15	Actual	\$12,025	\$19	\$10,505	\$750	\$750
FY16	Actual	\$13,397	\$145	\$11,596	\$828	\$828
FY17	Actual	\$14,519	\$60	\$12,652	\$904	\$904
FY18	Actual	\$15,159	\$13	\$13,253	\$947	\$947
FY19	Actual	\$15,661	\$31	\$13,676	\$977	\$977
FY20	Actual	\$15,393	\$487	\$13,043	\$932	\$932
FY21	Projection	\$16,003	\$28	\$13,975	\$1,000	\$1,000
FY22	Projection	\$15,783	\$28	\$13,782	\$986	\$986
FY23	Projection	\$15,974	\$28	\$13,950	\$998	\$998

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-Gallon Barrel	Distribution
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.

Basis of Forecast:

The forecasts of General Fund revenue from this source for FY 2021 through FY 2023 are based on an assessment of recent collections, Idaho per capita personal income, and a trend factor.

BEER TAX HISTORY AND FORECAST (\$1,000)

Year		Gross Collections	Distribution			
			Refunds	General Fund	Permanent Building Fund	Substance Abuse Treatment Fund
FY10	Actual	\$4,404	\$1	\$2,070	\$1,453	\$881
FY11	Actual	\$4,214	\$20	\$1,971	\$1,384	\$839
FY12	Actual	\$4,139	\$2	\$1,944	\$1,365	\$827
FY13	Actual	\$4,105	\$3	\$1,928	\$1,354	\$820
FY14	Actual	\$4,025	\$2	\$1,891	\$1,328	\$805
FY15	Actual	\$4,067	\$0	\$1,911	\$1,342	\$813
FY16	Actual	\$4,116	\$0	\$1,934	\$1,358	\$823
FY17	Actual	\$4,118	\$1	\$1,935	\$1,359	\$823
FY18	Actual	\$4,182	\$0	\$1,965	\$1,380	\$836
FY19	Actual	\$4,241	\$0	\$1,993	\$1,399	\$848
FY20	Actual	\$4,457	\$1	\$2,095	\$1,471	\$891
FY21	Projection	\$4,433	\$2	\$2,082	\$1,462	\$886
FY22	Projection	\$4,358	\$2	\$2,047	\$1,437	\$871
FY23	Projection	\$4,366	\$2	\$2,051	\$1,440	\$873

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
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 (IGGWPC).
Jul-2007	\$0.45	All	83% to GF; 12% to Substance Abuse Treatment Fund (SATF) & 5% IGGWPC.

Basis of Forecast:

The forecasts of General Fund revenue from this source for FY 2021 through FY 2023 are based on Idaho per capita personal income and a trend factor.

WINE TAX HISTORY AND FORECAST
(\$1,000)

			Distribution				
			Refunds	General Fund	Alcoholism Treatment Fund	Substance Abuse Treatment Fund	ID Grape Growers & Wine Producers Commission Fund
Year		Gross Collections					
FY10	Actual	\$3,636	\$22	\$3,000	\$0	\$434	\$181
FY11	Actual	\$3,881	\$12	\$3,211	\$0	\$464	\$193
FY12	Actual	\$4,164	\$2	\$3,454	\$0	\$499	\$208
FY13	Actual	\$4,713	\$3	\$3,909	\$0	\$565	\$235
FY14	Actual	\$4,989	\$7	\$4,135	\$0	\$598	\$249
FY15	Actual	\$5,116	\$10	\$4,238	\$0	\$613	\$255
FY16	Actual	\$5,408	\$9	\$4,481	\$0	\$648	\$270
FY17	Actual	\$5,617	\$12	\$4,652	\$0	\$673	\$280
FY18	Actual	\$5,809	\$8	\$4,815	\$0	\$696	\$290
FY19	Actual	\$6,012	\$4	\$4,986	\$0	\$721	\$300
FY20	Actual	\$6,117	\$8	\$5,071	\$0	\$733	\$305
FY21	Projection	\$6,324	\$7	\$5,243	\$0	\$758	\$316
FY22	Projection	\$6,460	\$7	\$5,356	\$0	\$774	\$323
FY23	Projection	\$6,760	\$7	\$5,605	\$0	\$810	\$338

KILOWATT-HOUR TAX

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

Idaho levies a one-half mill (\$0.0005) per kilowatt-hour tax on locally produced hydro-generated electricity. However, electricity used by industrial consumers and for irrigation is exempt from this tax. All collections accrue to the General Fund. This tax was enacted on July 1, 1931.

Basis of Forecast:

Projected kilowatt-hour tax receipts for FY 2021 through FY 2023 are based on an assessment of recent collection history in comparison to water availability.

KILOWATT HOUR TAX HISTORY AND FORECAST (\$1,000)

Year		Gross Collections	Distribution	
			Refunds	General Fund
FY10	Actual	\$2,138	\$0	\$2,138
FY11	Actual	\$2,430	\$0	\$2,430
FY12	Actual	\$2,982	\$0	\$2,982
FY13	Actual	\$1,920	\$0	\$1,920
FY14	Actual	\$1,840	\$0	\$1,840
FY15	Actual	\$1,918	\$0	\$1,918
FY16	Actual	\$1,877	\$0	\$1,877
FY17	Actual	\$2,152	\$45	\$2,108
FY18	Actual	\$2,592	\$0	\$2,592
FY19	Actual	\$2,371	\$0	\$2,371
FY20	Actual	\$2,066	\$0	\$2,066
FY21	Projection	\$2,100	\$0	\$2,100
FY22	Projection	\$2,100	\$0	\$2,100
FY23	Projection	\$2,100	\$0	\$2,100

MINE LICENSE TAX

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

Revenue is derived from a 1% “profit” tax on Idaho mining operations. It was initially set at 3% in 1935. 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 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 Forecast:

The forecasts of General Fund revenue from this source for FY 2021 through FY 2023 are based on a subjective assessment of recent collections history, employment in mining, and mineral prices.

MINE LICENSE TAX HISTORY AND FORECAST (\$1,000)

		Gross Collections	Distribution			
			Refunds	General Fund	Cyanidation Facility Closure Fund	Abandoned Mine Reclamation Fund
FY10	Actual	\$2,723	\$0	\$1,797	\$0	\$926
FY11	Actual	\$2,418	\$90	\$1,536	\$0	\$791
FY12	Actual	\$3,220	\$153	\$2,025	\$0	\$1,043
FY13	Actual	\$959	\$154	\$531	\$0	\$274
FY14	Actual	\$843	\$57	\$519	\$0	\$267
FY15	Actual	\$776	\$671	\$69	\$0	\$36
FY16	Actual	\$31	\$406	(\$247)	\$0	(\$127)
FY17	Actual	\$76	\$0	\$50	\$0	\$26
FY18	Actual	\$52	\$16	\$24	\$0	\$12
FY19	Actual	\$35	\$0	\$23	\$0	\$12
FY20	Actual	\$117	(\$0)	\$77	\$0	\$40
FY21	Projection	\$212	\$61	\$100	\$0	\$52
FY22	Projection	\$212	\$61	\$100	\$0	\$52
FY23	Projection	\$212	\$61	\$100	\$0	\$52

LIQUOR FUND

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

The Idaho Liquor Dispensary distributes income from its operations to several state funds. 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 \$0.8 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.

The forecast is prepared by the Idaho State Liquor Division.

LIQUOR FUND HISTORY AND FORECAST (\$1,000)

			Distribution							
			General Fund	Community College Fund	Coop. Welfare Fund	Public School Income Fund	Drug Cr., Mental Health Cr. & Family Cr. Services Fund	Substance Abuse Treatment Fund	Drug & Mental Health Cr. Supervision Fund	Cities & Counties
Year		Gross Dist.								
FY10	Actual	\$44,091	\$11,394	\$600	\$650	\$1,200	\$3,301	\$2,080	\$440	\$24,426
FY11	Actual	\$49,699	\$14,761	\$600	\$650	\$1,200	\$3,417	\$2,080	\$440	\$26,551
FY12	Actual	\$53,001	\$17,248	\$600	\$650	\$1,200	\$3,581	\$2,080	\$440	\$27,202
FY13	Actual	\$59,065	\$20,925	\$600	\$650	\$1,200	\$3,825	\$2,080	\$440	\$29,345
FY14	Actual	\$63,525	\$24,210	\$600	\$650	\$1,200	\$3,905	\$2,080	\$440	\$30,440
FY15	Actual	\$65,721	\$25,480	\$600	\$650	\$1,200	\$4,071	\$2,080	\$440	\$31,200
FY16	Actual	\$66,657	\$25,890	\$600	\$650	\$1,200	\$4,297	\$2,080	\$440	\$31,500
FY17	Actual	\$72,909	\$28,880	\$600	\$650	\$1,200	\$4,529	\$2,080	\$440	\$34,530
FY18	Actual	\$77,297	\$30,960	\$600	\$650	\$1,200	\$4,757	\$2,080	\$440	\$36,610
FY19	Actual	\$82,369	\$33,235	\$800	\$650	\$1,200	\$5,059	\$2,080	\$440	\$38,905
FY20	Actual	\$91,357	\$37,400	\$800	\$650	\$1,200	\$5,511	\$2,080	\$440	\$43,276
FY21	Projection	\$101,993	\$42,603	\$800	\$650	\$1,200	\$5,673	\$2,080	\$440	\$48,547
FY22	Projection	\$101,218	\$42,189	\$800	\$650	\$1,200	\$5,821	\$2,080	\$440	\$48,039
FY23	Projection	\$105,250	\$44,102	\$800	\$650	\$1,200	\$6,026	\$2,080	\$440	\$49,952

INTEREST EARNINGS

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

The State Treasurer's interest income is derived from investments of idle state funds. Investments are made in securities permitted per Idaho Code. All net interest earnings, except those derived from the trust and agency funds, accrue to the General Fund.

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

Basis of Forecast:

The State Treasurer's forecast of interest earnings for FY 2021 through FY 2023 is based on an assessment of the fund balances, forecasts of interest rates, and agency expectations.

The State Treasurer has not issued a Tax Anticipation Note in FY 2021.

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.

Historical and projected amounts are reported below in the Miscellaneous Revenue table.

Basis of Forecast:

The forecasts of General Fund revenue from this source for FY 2021 through FY 2023 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. The balance is paid in March. Up to 20% of the tax collections may 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 to the refund fund, distributions are made to the Fireman's Retirement and Insolvency Administration funds. 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.

Historical and projected amounts are reported below in the Miscellaneous Revenue table.

Basis of Forecast:

The Department of Insurance's forecast of General Fund revenue from premiums for FY 2021 through FY 2023 is based on forecasts of insurance premium growth, trends in insurance rates and coverages, and company insolvencies that result in credits taken for guaranty association assessments.

ALCOHOLIC BEVERAGE LICENSES

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

Revenues from the sale of alcoholic beverage licenses to retailers, wholesalers, and manufacturers were deposited in the state's General Fund through FY 2012. These revenues have been directed to the Alcohol Beverage Control Fund since then.

Historical and projected amounts are reported below in the Miscellaneous Revenue table.

UNCLAIMED PROPERTY

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

The State Treasurer forecasts revenue from unclaimed property from bank accounts, safe deposit boxes, travelers' checks, life insurance policies, utility deposits, and other intangible property that accrue to the state after five years. The state serves as the custodian of these unclaimed properties until they are claimed by their owners. Unclaimed Property Fund balances exceeding \$250,000 are transferred to the General Fund by the end of each fiscal year.

Historical and projected amounts are reported below in the Miscellaneous Revenue table.

Basis of Forecast:

Forecasts 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 filing fees and notary fees. The forecast is provided by the Secretary of State.

Historical and projected amounts are reported below in the Miscellaneous Revenue table.

Basis of Forecast:

Forecasts 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 miscellaneous revenue category includes receipts from other sources, such as the Idaho Department of Lands.

Historical and projected amounts are reported below in the Miscellaneous Revenue table.

Basis of Forecast:

The forecasts of miscellaneous General Fund revenues for FY 2021 through FY 2023 are based on a subjective assessment of recent collection history and expected transfers.

MISCELLANEOUS REVENUE HISTORY AND FORECAST (\$1,000)

		General Fund Portion								
		Interest Earnings	Court Fees & Fines	Insurance Premium Tax	Alcoholic Beverage Licenses	Unclaimed Property	UCC Filings	Lands	One-Time Transfers	Other Depts. and Transfers
FY10	Actual	(\$1,318)	\$5,384	\$53,632	\$1,469	\$8,225	\$2,419	\$647	\$1,544	\$32,706
FY11	Actual	(\$431)	\$5,117	\$54,118	\$1,524	\$4,512	\$2,413	\$622	\$4,882	\$30,433
FY12	Actual	(\$604)	\$4,849	\$56,580	\$1,557	\$8,888	\$2,428	\$1,042	\$16,155	\$27,897
FY13	Actual	\$356	\$4,592	\$55,622	\$128	\$6,997	\$2,538	\$830	\$4,530	\$29,453
FY14	Actual	(\$366)	\$4,356	\$59,356	\$0	\$5,655	\$2,702	\$1,231	\$4,222	\$28,508
FY15	Actual	(\$1,571)	\$6,141	\$61,747	(\$3)	\$6,293	\$2,765	\$720	\$1,987	\$26,198
FY16	Actual	\$324	\$6,025	\$72,123	\$0	\$9,928	\$3,009	\$0	\$8,596	\$27,192
FY17	Actual	(\$147)	\$8,444	\$75,423	\$0	\$10,369	\$3,169	\$130	\$14,338	\$28,796
FY18	Actual	\$4,654	\$9,184	\$70,486	(\$0)	\$8,507	\$3,484	\$1,141	\$8,806	\$7,424
FY19	Actual	\$2,850	\$8,213	\$75,352	\$0	\$11,801	\$3,988	\$41	\$15,698	\$7,996
FY20	Actual	\$144	\$7,156	\$84,421	\$0	\$14,110	\$4,851	\$72	\$0	\$15,575
FY21	Projection	\$1,555	\$7,300	\$67,670	\$0	\$13,500	\$5,000	\$53	\$0	\$8,861
FY22	Projection	\$1,412	\$7,412	\$69,486	\$0	\$13,500	\$5,200	\$63	\$0	\$15,139
FY23	Projection	\$2,123	\$7,517	\$69,486	\$0	\$13,500	\$5,350	\$58	\$0	\$16,056

Idaho's Tax Structure

Exemptions, Credits, Exclusions, and Deductions

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 result is always the same: a tax that is defined based on 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, 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 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 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 tax expenditure and the actual revenue that would be realized. The probable size of the tax gap is impacted by several variables, including the way 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 behavior on the part of taxpayers, to provide fiscal relief to 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 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 6.925% on corporate income. Individual income tax rates progress from a bottom rate of 1.125% to a top rate of 6.925%. 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 and standard deductions. These features of the tax structure have the effect of reducing revenues, but they are not selective regarding 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
- Energy Efficiency Upgrades 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 (Repealed 2018)
Research Activity Credit
Promoter Sponsored Events Credit
Corporate Headquarters Investment Credit (Repealed 2008)
Corporate Headquarters Real Property Improvement Credit (Repealed 2008)
Corporate Headquarters New Jobs Credit (Repealed 2008)
Small Employer Capital Investment Credit (Sunsets 2030)
Small Employer Real Property Improvement Credit (Sunsets 2030)
Small Employer New Jobs Credit (Sunsets 2030)
Live Organ Donation Expenses Credit
Biofuel Investment Tax Credit (Sunset 2011)
Special Job Credit (Sunset 2016)
Reimbursement Incentive Credit
Certain Charitable Contributions Deduction
Child Income Tax Credit (Sunsets 2025)
Employer College Savings Credit
First-time Homebuyer 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.

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, fabricating, 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 Allowance
- 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 Snow grooming Equipment
Clean Rooms
Alternative Electricity-Producing Equipment (Sunset 2011)
Research and Development Equipment
Corporate Headquarters Construction (Repealed 2008)
Small Employer Headquarters Construction (Sunsets 2030)
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
Information Technology Equipment

Principal Idaho sales tax expenditures for goods are:

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

Principal Idaho sales tax expenditures for services are:

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
Dealer Labor for New Vehicle Accessories
Custom Meat Processing

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

		CY2017	CY2018	CY2019	CY2020	CY2021	CY2022
1	Income Tax Expenditures (Calendar Year Basis)						
1.1	Uses of Income Not Taxed						
1.1.01	Investment Tax Credit	\$31,989	\$31,108	\$31,814	\$30,030	\$32,194	\$33,239
1.1.02	Other States Tax Credit	\$85,253	\$97,713	\$102,920	\$111,078	\$111,670	\$116,387
1.1.03	Elderly Dependent Credit	\$842	\$871	\$913	\$957	\$998	\$1,037
1.1.04	Youth and Rehabilitation Credit	\$10,045	\$10,155	\$10,696	\$11,544	\$11,606	\$12,096
1.1.05	Schools, Libraries, and Museums Credit	\$9,676	\$9,568	\$10,078	\$10,877	\$10,935	\$11,397
1.1.06	Grocery Credit	\$149,991	\$154,440	\$157,668	\$160,679	\$163,379	\$165,715
1.1.07	Recycling Equipment Credit	\$2	\$2	\$14	\$14	\$14	\$14
1.1.08	Technological Equipment Deduction	\$56	\$79	\$83	\$89	\$89	\$93
1.1.09	Long-Term Care Insurance Deduction	\$1,619	\$1,715	\$1,745	\$1,781	\$1,818	\$1,850
1.1.10	Alternative Energy Device Deduction	\$678	\$1,007	\$1,060	\$1,141	\$1,147	\$1,193
1.1.11	Energy Efficiency Upgrades Deduction	\$1,667	\$1,903	\$2,004	\$2,154	\$2,165	\$2,251
1.1.12	Workers' Compensation Premium Deduction	\$400	\$400	\$400	\$400	\$400	\$400
1.1.13	Child Care Deduction	\$4,624	\$4,587	\$4,645	\$4,673	\$4,723	\$4,754
1.1.14	College Savings Deduction	\$3,108	\$3,307	\$3,483	\$3,836	\$3,861	\$4,025
1.1.15	Health Insurance Deduction	\$22,933	\$26,093	\$27,264	\$25,522	\$27,953	\$29,138
1.1.16	Elderly and Developmental Disability Deduction	\$53	\$56	\$59	\$61	\$64	\$66
1.1.17	Adoption Expense Deduction	\$28	\$76	\$77	\$79	\$80	\$81
1.1.18	Medical Savings Account Deduction	\$1,447	\$1,497	\$1,577	\$1,695	\$1,532	\$1,773
1.1.19	Right Income Adjustment Credit	\$40	\$40	\$42	\$46	\$46	\$48
1.1.20	Riparian Land Improvements Credit	Sunset	Sunset	Sunset	Sunset	Sunset	Sunset
1.1.21	Broadband Investment Credit	\$1,690	\$797	\$815	\$770	\$825	\$852
1.1.22	County Incentive Investment Tax Credit	\$0	Repealed	Repealed	Repealed	Repealed	Repealed
1.1.23	Research Activity Credit	\$3,674	\$5,332	\$5,344	\$5,342	\$5,384	\$5,461
1.1.24	Promoter Sponsored Events Credit	\$2	\$2	\$2	\$2	\$2	\$2
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	\$284	\$23	\$465	\$465	\$465	\$465
1.1.29	Small Employer Real Property Improvement Credit	\$310	\$452	\$186	\$186	\$186	\$186
1.1.30	Small Employer New Jobs Credit	\$5	\$0	\$38	\$38	\$40	\$40
1.1.31	Live Organ Donation Expenses Credit	\$56	\$45	\$38	\$38	\$38	\$38
1.1.32	Special Job Credit	Sunset	Sunset	Sunset	Sunset	Sunset	Sunset
1.1.33	Reimbursement Incentive Credit	\$9,000	\$12,000	\$15,000	\$18,000	\$21,000	\$24,000
1.1.34	Certain Charitable Contributions Deduction	\$25	\$23	\$23	\$23	\$23	\$23
1.1.35	Child Income Tax Credit		\$61,300	\$62,579	\$63,777	\$64,849	\$65,777
1.1.36	Employer College Savings Credit		\$0	\$0	\$80	\$85	\$90
1.1.37	First-time Homebuyer Deduction		\$0	\$0	\$2,000	\$2,000	\$2,000
1.2	Sources of Income Not Taxed						
1.2.01	Capital Gains Exclusion	\$27,063	\$34,898	\$36,756	\$39,622	\$39,831	\$41,494
1.2.02	Government Interest Exclusion	\$2,180	\$3,090	\$3,254	\$3,504	\$3,522	\$3,669
1.2.03	Social Security Exclusion	\$91,703	\$95,142	\$101,838	\$138,958	\$118,797	\$123,015
1.2.04	Railroad Retirement Exclusion						
1.2.05	Retirement Benefit Exclusion	\$9,076	\$8,869	\$9,492	\$12,926	\$11,045	\$11,412
1.2.06	Idaho Lottery Winnings Exclusion	\$5,339	\$6,509	\$6,639	\$6,772	\$6,907	\$7,046
1.2.07	Indian Earnings on Reservation Exclusion	\$408	\$413	\$466	\$503	\$580	\$639
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

		FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
2	Sales Tax Expenditures (Fiscal Year Basis)						
2.1	Specific Uses Not Taxed						
2.1.01	Production Exemption - Equipment	\$118,019	\$125,418	\$118,761	\$125,053	\$128,377	\$133,137
2.1.02	Production Exemption - Supplies	\$89,340	\$94,942	\$89,902	\$94,665	\$97,182	\$100,785
2.1.03	Irrigation Equipment and Supplies	\$4,546	\$4,660	\$4,776	\$4,896	\$5,018	\$5,143
2.1.04	Pollution Control Equipment	\$13,604	\$14,070	\$14,063	\$12,337	\$12,851	\$13,787
2.1.05	Broadcast Equipment and Supplies	\$2,987	\$3,174	\$3,006	\$3,165	\$3,249	\$3,370
2.1.06	Publishing Equipment and Supplies	\$191	\$203	\$193	\$203	\$208	\$216
2.1.07	Commercial Aircraft	\$2,154	\$2,154	\$2,154	\$2,291	\$2,291	\$2,291
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	\$8,490	\$8,568	\$8,311	\$9,665	\$9,438	\$9,644
2.1.10	Out-of-State Contracts	\$4,976	\$5,288	\$5,008	\$5,273	\$5,413	\$5,614
2.1.11	Trade-in Allowance	\$36,244	\$36,577	\$35,480	\$41,261	\$40,294	\$41,172
2.1.12	Sale or Lease of Businesses or Business Assets	\$2,362	\$2,510	\$2,377	\$2,502	\$2,569	\$2,664
2.1.13	SNAP/WIC	\$12,771	\$12,306	\$13,141	\$13,704	\$13,668	\$13,998
2.1.14	Vehicles and Vessels Sold to Nonresidents	\$20,437	\$20,625	\$20,007	\$23,266	\$22,721	\$23,216
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	\$94	\$97	\$99	\$102	\$104	\$108
2.1.19	School Lunches and Senior Citizen Meals	\$4,979	\$4,824	\$5,058	\$5,334	\$5,550	\$5,771
2.1.20	Drivers Education Automobiles	\$38	\$38	\$38	\$40	\$41	\$41
2.1.21	Ski Lifts and Snowgrooming Equipment	\$600	\$600	\$600	\$600	\$600	\$600
2.1.22	Clean Rooms	\$480	\$480	\$480	\$480	\$480	\$480
2.1.23	Alternative Electricity-Producing Equipment	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	\$373	\$376	\$365	\$425	\$415	\$424
2.1.28	Media Production Projects	Sunset	Sunset	Sunset	Sunset	Sunset	Sunset
2.1.29	State Tax Anticipation Revenue	\$10,061	\$3,058	\$3,058	\$3,058	\$3,058	\$3,059
2.1.30	Motor Vehicles of Nonresident Students	\$25	\$25	\$25	\$27	\$27	\$28
2.1.31	Personal Property of Military Personnel	NA	NA	NA	NA	NA	NA
2.1.32	Beverage and Food Samples	\$17	\$17	\$19	\$19	\$19	\$20
2.1.33	Beverage and Food Donations	\$10	\$10	\$10	\$10	\$10	\$10
2.1.34	Prepared Beverage and Food Given to Employees	\$159	\$160	\$163	\$167	\$170	\$173
2.1.35	Information Technology Equipment	\$0	\$0	\$0	\$3,006	\$6,012	\$18,037
2.2	Goods Not Taxed						
2.2.01	Motor Fuels	\$160,126	\$165,705	\$139,743	\$122,682	\$138,615	\$150,836
2.2.02	Heating Materials	\$4,147	\$4,184	\$3,705	\$3,497	\$3,950	\$4,258
2.2.03	Utility Sales	\$111,473	\$114,817	\$118,262	\$121,809	\$125,464	\$129,228
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	\$65,734	\$69,419	\$74,293	\$77,531	\$79,562	\$83,066
2.2.07	Funeral Caskets	\$1,672	\$1,722	\$1,774	\$1,827	\$1,882	\$1,938
2.2.08	Containers	\$44	\$45	\$46	\$47	\$48	\$50
2.2.09	Nonprofit Literature	\$146	\$149	\$152	\$155	\$157	\$159
2.2.10	Official Documents	\$72	\$79	\$80	\$82	\$83	\$84
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	\$2,656	\$2,738	\$2,832	\$2,933	\$2,993	\$3,075
2.2.14	Telecommunications Equipment	\$3,019	\$3,321	\$3,653	\$4,019	\$4,421	\$4,863
2.2.15	Personal Property Tax on Rentals	\$400	\$400	\$400	\$400	\$400	\$400
2.2.16	Remotely-Accessed Computer Software	\$8,830	\$9,138	\$9,242	\$10,483	\$10,325	\$10,438

Idaho's Tax Structure

Fiscal Summary

\$ Thousands

		FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
2.3	Services Not Taxed						
2.3.01	Construction	\$182,388	\$205,788	\$226,735	\$258,267	\$292,274	\$320,009
2.3.02	Agricultural and Industrial Services	\$5,627	\$5,743	\$5,870	\$6,005	\$6,101	\$6,219
2.3.03	Transportation Services	\$56,388	\$58,161	\$53,031	\$48,238	\$54,802	\$59,006
2.3.04	Information Services	\$92,776	\$94,631	\$96,510	\$98,317	\$99,818	\$101,243
2.3.05	Repairs	\$63,483	\$66,510	\$66,019	\$66,505	\$70,561	\$74,188
2.3.06	Professional Services	\$257,951	\$270,252	\$268,258	\$270,232	\$286,712	\$301,452
2.3.07	Business Services	\$155,924	\$163,360	\$162,155	\$163,348	\$173,310	\$182,219
2.3.08	Personal Services	\$13,217	\$13,847	\$13,745	\$13,846	\$14,690	\$15,445
2.3.09	Health and Medical Services	\$564,437	\$589,112	\$575,644	\$604,020	\$636,334	\$664,361
2.3.10	Social Services	\$92,488	\$96,531	\$94,324	\$98,974	\$104,269	\$108,861
2.3.11	Educational Services	\$59,487	\$62,324	\$61,864	\$62,319	\$66,119	\$69,519
2.3.12	Lottery Tickets and Pari-Mutuel Betting	\$16,045	\$16,045	\$16,045	\$16,045	\$16,045	\$16,045
2.3.13	Media Measurement Services	\$79	\$81	\$84	\$86	\$89	\$91
2.3.14	Miscellaneous Services	\$4,470	\$4,677	\$5,661	\$5,754	\$6,076	\$6,380
2.3.15	Nonprofit Shooting Range Fees	\$0	\$0	\$0	\$0	\$0	\$0
2.3.16	Gratuities for Meals	\$237	\$242	\$259	\$270	\$269	\$275
2.3.17	Dealer Labor for New Vehicle Accessories			\$1,000	\$1,050	\$1,103	\$1,158
2.3.18	Custom Meat Processing				\$457	\$457	\$457
2.4	Specific Entities Not Taxed						
2.4.01	Educational Institution Purchases	\$9,606	\$10,177	\$9,585	\$9,290	\$9,730	\$10,140
2.4.02	Hospital Purchases	\$31,888	\$33,292	\$32,531	\$34,134	\$35,960	\$37,544
2.4.03	Health Entity Purchases	\$300	\$313	\$306	\$321	\$338	\$353
2.4.04	Canal Company Purchases	\$1,094	\$1,114	\$1,129	\$1,146	\$1,170	\$1,195
2.4.05	Forest Protective Association Purchases	\$48	\$49	\$50	\$50	\$51	\$53
2.4.06	Food Bank Purchases	\$368	\$384	\$384	\$393	\$411	\$429
2.4.07	Nonsale Clothier Purchases	\$1	\$1	\$1	\$1	\$1	\$1
2.4.08	Centers for Independent Living	\$7	\$7	\$7	\$7	\$7	\$8
2.4.09	State of Idaho and Local Government Purchases	\$34,958	\$36,366	\$36,303	\$33,536	\$32,648	\$32,590
2.4.10	Ronald McDonald House Rooms	\$1	\$1	\$2	\$4	\$4	\$4
2.4.11	INL Research and Development Purchases	\$6,281	\$6,637	\$6,381	\$6,473	\$6,617	\$7,007
2.4.12	Motor Vehicle Purchases by Family Members	\$2,376	\$2,397	\$2,325	\$2,704	\$2,641	\$2,699
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)	\$4,220	\$4,404	\$4,404	\$4,516	\$4,715	\$4,924
2.4.15	Sales by Indian Tribes on Reservations	\$6,028	\$6,241	\$6,360	\$6,541	\$6,692	\$6,950
2.4.16	Sales of Meals by Churches to Members	\$15	\$15	\$16	\$17	\$17	\$17
2.4.17	Sales by Outfitters and Guides	\$16	\$16	\$16	\$16	\$16	\$16
2.4.18	Sales Through Vending Machines	\$2,848	\$2,916	\$3,114	\$3,247	\$3,238	\$3,316
2.4.19	Auto Manufacturer Rebates	\$784	\$791	\$767	\$892	\$871	\$890
2.4.20	Incidental Sales by Churches	\$1,057	\$1,103	\$1,103	\$1,131	\$1,181	\$1,233
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 Agen	\$238	\$248	\$248	\$255	\$266	\$278
2.4.25	Senior Citizens Centers	\$57	\$59	\$59	\$61	\$63	\$66
2.4.26	Blind Services Foundation, Inc.	\$10	\$10	\$10	\$11	\$11	\$11
2.4.27	Advocates for Survivors of Domestic Violence and Sexual Assault	\$12	\$13	\$13	\$13	\$14	\$14
2.4.28	Free Dental Clinics	\$14	\$14	\$14	\$15	\$15	\$16
2.4.29	Museums	\$259	\$271	\$271	\$278	\$290	\$303

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 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, except for 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 37% federal income tax bracket, the benefit of each dollar of Idaho tax expenditure is split 63 cents to the taxpayer, 37 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 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 eligible 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 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 monetary 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; to the Idaho STEM action center; or to Idaho-based, accredited medical education residency programs or their nonprofit support organizations. 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. Credits for donations to certain educational foundations, trusts, or associations are not allowed after December 31, 2019.

History: Originally enacted in 1976, this 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. Amended in 2016 to include donations to the Idaho STEM action center. Medical residency contributions were added in 2018.

1.1.06 Grocery Credit *Idaho Code 63-3024A*

Description: Idaho grants a \$100 grocery tax credit for each taxpayer and their dependents. 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. In 2008, Idaho households with no more than \$1,000

of taxable income received a \$50 grocery tax credit 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.

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

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

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, 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 exceed the taxpayer's cost of the technological equipment or 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. The original deduction applied to half of premiums. Amended in 2004 to cover all long-term care insurance premiums.

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

Description: This deduction is for the cost of acquiring, constructing, and/or installing wood, pellet, solar, wind, geothermal energy, or natural gas/propane devices to replace residential wood stoves 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 each of 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 Energy Efficiency Upgrades Deduction *Idaho Code 63-3022B*

Description: This deduction is for the cost of insulation installed in Idaho residences that existed as of January 1, 2002 and served as the taxpayer's primary residence. 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. Amended in 2013 to include only primary residences.

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

Description: This deduction is available 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.

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 \$6,000 per tax year or \$12,000 per tax year for married couples filing a joint return.

History: Enacted in 2000. Amended in 2017 to increase maximum for single filers from \$4,000 to \$6,000 and joint filers from \$8,000 to \$12,000.

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. Expanded to 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 at least 65 years old 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 \$10,000 of actual legal fees and medical costs incurred in an adoption.

History: This deduction was enacted in 1994 with a ceiling of \$3,000. The ceiling was raised to \$10,000 in 2018.

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. The limit for married couples filing joint returns is \$20,000.

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. 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. Sunset 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 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 transferred to other taxpayers.

History: Enacted in 2001. Repealed in 2018.

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 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 which 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 which 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, 2030. 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 2020 to extend this credit through 2030.

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, 2030. 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. Amended in 2020 to extend this credit through 2030.

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, 2030. 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. Amended in 2020 to extend this credit through 2030.

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: Effective January 1, 2007.

1.1.32 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.

1.1.33 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 individual 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 and subject to the approval of the Idaho Economic Advisory Council based upon the quality of jobs created, regional economic impact, and return on investment for Idaho. 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.

1.1.34 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: Effective January 1, 2014.

1.1.35 Child Income Tax Credit *Idaho Code 63-3029L*

Description: The state provides a nonrefundable \$205 individual income tax credit per qualifying child of the taxpayer.

History: Effective from January 1, 2018 to December 31, 2025.

1.1.36 Employer College Credit *Idaho Code 63-3029M*

Description: The state provides employers an income tax credit for contributions to employees' Ideal 529 College accounts. The credit is 20% of the contribution up to \$500 annually per employee.

History: Enacted in 2020.

1.1.37 First-Time Homebuyer Deduction *Idaho Code 63-3022V*

Description: Idaho allows an income tax deduction for contributions into a First-Time Homebuyer Savings Account. The maximum deduction is \$15,000 per year for an individual and \$30,000 per year for a married couple.

History: Enacted in 2020.

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 a revenue-producing enterprise 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. Certain partnership interest held at least 12 months.

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 18 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. Amended in 2015 to include qualified conservation easements, certain grazing permits and leases, and any 1250 property as defined in the Internal Revenue Code.

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

Description: This exclusion is for 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 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 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 more than \$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 2.3.18 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.

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 to produce energy. Amended in 2015 to remove the exclusion for hand tools with a unit purchase price of \$100 or less and to include in the exemption fishing and hunting operations. Amended in 2016 to extend the end of the production process for farming operations from “initial storage” to removal from initial storage. This amendment exempts equipment and supplies used to remove produce from initial storage. The logging exemption (63-3622JJ) was amended in 2016 to remove the exclusion for hand tools with a unit purchase price of \$100.00 or less.

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 to produce energy. Amended in 2015 to remove the exclusion for hand tools with a unit purchase price of \$100 or less and to include in the exemption fishing and hunting operations. Amended in 2016 to extend the end of the production process for farming operations from “initial storage” to removal from initial storage. This amendment exempts equipment and supplies used to remove produce from initial storage. The logging exemption (63-3622JJ) was amended in 2016 to remove the exclusion for hand tools with a unit purchase price of \$100.00 or less.

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). Amended in 2016 to remove the exclusion for hand tools with a unit purchase price of \$100 or less.

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). Amended in 2016 to remove the exclusion for hand tools with a unit purchase price of \$100 or less.

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). Amended in 2016 to remove the exclusion for hand tools with a unit purchase price of \$100 or less.

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 2001 to exempt repair parts for aircraft primarily used to transport passengers or freight for hire. Amended in 2009 to limit the aircraft exemption to those aircraft that are used as allowed by law to provide passenger or freight services for hire to the public from one point on land or water to another. Amended in 2012 to include parts used in nonresident privately owned aircraft at FAA approved Idaho repair stations. This includes parts installed in warranty repairs. Amended in 2016 to exempt from tax the sale, lease, purchase or use of a fixed-wing aircraft primarily used as an air tactical group supervisor platform under contract with a governmental entity for wildfire activity. Amended in 2020 to include aircraft primarily used for agricultural production or forest and wildlife conservation purposes.

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 the sale or lease of trucks with maximum gross registered weight over twenty-six thousand (26,000) when immediately registered in the international registration plan and used 10% or more outside of Idaho, as well as their trailers.

History: Enacted in 1989. Amended in 2003 and 2012 to change the measurement period for the 10% requirement.

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 Allowance *Idaho Code 63-3613(b)2*

Description: Excludes from the taxable sales price any amounts allowed for merchandise traded in on other like goods. Specific exclusions for this allowance exist for new manufactured homes, new park model recreational vehicles, and modular buildings.

History: Enacted in 1965. Amended in 1976 to exclude a trade in allowance on the purchase of a new mobile home. Amended in 1986 to change mobile home to manufactured home and added modular buildings, excluding trade-in allowances on the purchase of new manufactured homes and modular buildings. Amended in 1990 to extend allowance to trade-downs. Amended in 2017 to exclude a trade-in allowance on the sale of a park model recreational vehicle.

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 and was amended to exclude aircraft, boats, snowmobiles, off-highway motorbikes, and recreational vehicles from the occasional sale exemptions. Amended in 1989 to limit the exclusion to subsections (b)(1), (b)(4), (b)(6) or (b)(8). Amended in 1990 to add related business transfers and capital asset sales. Amended in 1996 to exempt leases between related parties as described in subsection (b)(4). Also provided that subsequent sales of the same assets would be exempt between related parties if the initial purchaser paid the sales tax.

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

Description: Exempts from the sales tax items purchased under the federal WIC and SNAP programs.

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(v) in 1965, it exempted motor vehicles and trailers sold in Idaho for use out-of-state. Amended in 2001 to extend the exemption to vessels with attached motor, snowmobiles, ATVs, and utility trailers. Amended in 2002 to provide a definition for vessel and ATV, remove the requirement that the vessel be sold with an attached motor, limit the exemption to sales to nonresidents only, and extend the exemption to sales of off-road motorcycles. Amended in 2015 to exempt utility type vehicles and specialty off-highway vehicles. Amended in 2017 to increase the amount of time the nonresident can use a vehicle or vessel exempted by this subsection in Idaho from 60 days to 90 days.

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 (63-3622P) if transported out of Idaho under a bill of lading.

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 an appliance included with a home purchase.

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. Sunset on June 30, 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 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 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, 2030. 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. Amended in 2020 to extend this exemption through December 31, 2030

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 State Tax Anticipation Revenue *Idaho Code 63-3641*

Description: Rebates sales tax paid to developer for costs of building or improving qualified freeway exchanges. 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.

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

Description: Exempts full-time, nonresident post-secondary students' vehicles from the use tax.

History: Enacted in 2011.

2.1.30 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.

2.1.31 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.

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

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

History: Enacted in 2014.

2.1.33 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.

2.1.34 Information Technology Equipment *Idaho Code 63-3622VV*

Description: This bill exempts from sales tax all materials going towards data centers which cost at least \$250 million and creates at least 30 new full-time jobs that pay at least the average county wage rate.

History: Enacted in 2020.

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 any material burned to heat buildings or homes.

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 63-3622II*

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 in 2016.

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. 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* and sale, purchase, or use of public records requested pursuant to 74-102.

History: Originally enacted in 1984. Amended in 2019 to exempt the sale, purchase, or use of public records requested pursuant to 74-102.

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. 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) 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: Not subject to sales and use taxes.

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 exempted 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: Not subject to sales and use taxes.

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 if they are separately stated on the bill. NAICS major group 811 is included in this category.

History: Not subject to sales and use taxes.

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: Not subject to sales and use taxes.

2.3.07 Business Services

Description: Office services, employment services, building services, telephone call centers, 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: Not subject to sales and use taxes.

2.3.08 Personal Services

Description: Laundry and dry cleaning, barbers and beauticians, shoe repair, and funeral services are among the elements of the personal services major group. NAICS major group 812 is this category.

History: Not subject to sales and use taxes.

2.3.09 Health and Medical Services

Description: Doctors, dentists, and hospitals are the principal elements of this category. NAICS major groups 621 through 623 are in this category.

History: Not subject to sales and use taxes.

2.3.10 Social Services

Description: Child day care, elderly and disabled, and community food services are some of the principal elements of this category. NAICS major group 624 is this category.

History: Not subject to sales and use taxes.

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: Not subject to sales and use taxes.

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

History: Not subject to sales and use taxes.

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.

2.3.17 Dealer Labor for New Vehicle Accessories *Idaho Code 63-3622OO*

Description: Exempts a motor vehicle dealer's labor or service charge to add an accessory to a new, factory delivered motor vehicle when the dealer sells the accessory with the motor vehicle.

History: Enacted in 2019.

2.3.18 Custom Meat Processing *Idaho Code 63-3622TT*

Description: This bill exempts custom meat processing from the sales tax for customer-provided carcasses when the meat will not be resold.

History: Enacted in 2020.

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 exemption 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, Special Olympics Idaho and the Idaho Association of Free and Charitable Clinics. 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 other nonprofit corporations or associations that furnish food 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 nonprofit corporations or associations that provide 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)(1)*

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(c)(1) 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 4-H or FFA clubs 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.

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1.1.01	Investment Tax Credit	63-3029B
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63-3613(b)2	2.1.11	Trade-in Allowance
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)	2.1.29	Motor Vehicles of Nonresident Students
63-3621(l)	2.1.30	Personal Property of Military Personnel
63-3621(m)	2.1.16	Donations of Real Property to Idaho Government
63-3621(n)	2.1.31	Beverage and Food Samples
63-3621(o)	2.1.32	Beverage and Food Donations
63-3621(p)	2.1.33	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)(1)	2.4.12	Motor Vehicle Purchases by Family Members
63-3622KK	2.4.20	Incidental Sales by Churches

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63-3622LL	2.3.13	Media Measurement Services
63-3622N	2.2.06	Prescriptions and Durable Medical Equipment
63-3622NN	2.1.22	Clean Rooms
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
63-3622OO	2.3.17	Dealer Labor for New Vehicle Accessories
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	Custom Meat Processing
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
63-3622VV	2.1.35	Information Technology Equipment
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	2.1.28	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	1.1.33	Reimbursement Incentive Credit

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67-7439	1.2.06	Idaho Lottery Winnings Exclusion
	2.3.12	Lottery Tickets and Pari-Mutuel Betting