

General Fund Revenue Book

- Economic Forecast
- Revenue Projections
- Tax Structure

Fiscal Year 2023

July 1, 2022 - June 30, 2023



BRAD LITTLE
Governor

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INTRODUCTION

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

Although the revenue model is specified in precise quantitative terms, several levels of uncertainty exist, of which we describe two. 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.

Idaho Economic Forecast

The following tables and text are taken from the
January 2022 *Idaho Economic Forecast*,
a publication produced by the
Idaho Division of Financial Management.

This Idaho economic forecast uses the November 2021 edition of the IHS forecast of the US economy. DFM runs the Idaho economic model based upon this national forecast to produce Idaho's economic forecast.

Summary

Near term. The US Congress has avoided a debt default, a partial governmental shutdown, and funded the Infrastructure Investment and Jobs Act.

Inflation, which had been consistently below the Federal Reserve's 2 percent target since the prior recession, continued to be so through 2020, but 2021 brought higher inflation, with figures above any recorded since the mid-to-early 1980s. The Federal Reserve pivoted from its November meeting to its December meeting. The former indicated a gradual unwinding of active support for the bond market. The latter indicated an accelerated unwinding, and that subsequent short-term rate hikes are now likely in 2022, rather than late in 2023, which had been the anticipation this past autumn. IHS continued to presume that the first rate hike would be in March 2023 in its November US economic outlook, largely following the forward guidance from the Federal Reserve in November.

Freddie Mac¹ has found that the monetary accommodation in effect across much of the pandemic has had benefits at lower income levels: "The median income of refinance borrowers in 2021 has declined relative to 2020, indicating that lower-income households are increasingly taking advantage of low interest rates and reducing their payments by refinancing their mortgages."

The Omicron variant of the coronavirus was discovered, and it has now become the dominant strain in several countries, replacing the Delta variant. The same is true within parts of the US, though, not yet within Idaho, at least via the data provided on coronavirus.idaho.gov.²

Indications from Mastercard are that US consumers resumed their holiday buying habits, including the pre-pandemic habit of shopping in person.³ In person spending increased 8.1 percent over the 2020 level, online shopping increased 11 percent, and overall spending increased 8.5 percent.

The US stock market indices most commonly cited closed 2021 near record levels, having risen by 22–29 percent. Mortgage rates (30-year, fixed) opened the year near 2.7 percent and closed the year near 3.1 percent. The US unemployment rate fell from the January 2021 reading of 6.3 to the December value for the nation of just 3.9 percent.

¹Link provided later in this report where further details are discussed.

²National and international information continues to be provided by The Johns Hopkins University.coronavirus.jhu.edu/map.html

³mastercard

The most recent Idaho unemployment rate was 2.6 percent (in November), and the rate began the year at 3.5 percent. The BEA provided some new regional data indicating that Idaho remains one of the less expensive states, at least through 2020.⁴

Longer term. While the US remains below the employment level it had achieved before the pandemic induced shutdown, several states have reattained their pre-pandemic jobs numbers, notably Idaho and Utah. More states are hitting very low unemployment rates.⁵ And the growth in employment is becoming broader based.⁶

So there are strong of recoveries. Is there for further improvement? Labor force structure and its relation to labor force participation are among the key indicators which influence the jobs trajectory which IHS forecasts for the US. The broad trend for US jobs figures is much flatter in IHS's forecast across the next handful of years.

Individual states can have different employment trajectories from the demographic constraints which are expected by IHS to be binding at the US level. It appears that Idaho is likely to be one state which will escape a labor-force growth tapering primarily through migration into the state. Population estimates from the US Census placed growth in Idaho first in the nation (by rate of growth).⁷ This was a significant acceleration from other instances where Idaho has also lead the nation. The Census estimate is that Idaho added over 53,000 residents from July 2020 to July 2021.

	Annual growth rates for the US and Idaho									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
US nonfarm jobs	1.57	1.57	1.35	-5.73	2.73	3.92	1.88	0.90	0.61	0.56
ID nonfarm jobs	3.06	3.28	2.95	-0.18	5.45	3.49	3.29	2.86	3.11	3.24
US personal income	4.68	5.08	4.06	6.53	6.51	0.96	4.98	5.26	5.34	5.28
ID personal income	5.97	6.40	6.72	8.85	8.12	0.81	5.92	5.99	8.17	7.71
US wage & salary	4.74	5.02	4.75	1.29	7.95	7.89	6.13	5.27	5.09	5.04
ID wage & salary	7.28	7.06	5.66	7.00	9.64	7.93	7.48	7.72	8.14	8.29
US population	0.69	0.57	0.49	0.34	0.14	0.35	0.46	0.50	0.53	0.54
ID population	2.12	1.88	2.11	2.12	2.34	2.20	2.11	1.74	1.56	1.55

⁴<https://www.bea.gov/sites/default/files/2021-12/rpp1221.pdf>

⁵<https://www.bls.gov/opub/ted/2021/5-states-set-all-time-low-unemployment-rates-in-november-2021.htm>

⁶<https://www.bls.gov/opub/ted/2021/employment-up-over-the-year-in-47-states-and-district-of-columbia-september-2021.htm>

⁷<https://www.census.gov/newsroom/press-releases/2021/2021-population-estimates.html>

Current economic conditions

Domestic conditions.

GDP growth. IHS had been revising downward its 2021 real GDP growth forecast for the nation. It was set at 6.6 percent in July. The firm had seen that the third quarter of 2021 would record less growth, and this has in turn lead to a weaker annual figure, as we reported in the October *Idaho Economic Forecast* based upon that same month's IHS US forecast. That weaker third quarter was borne out by the first readings for real GDP. In the time after the October IHS forecast (October 12), the Bureau of Economic analysis (BEA) released advance third quarter real GDP growth at 2.0 percent (October 28 release) and and first revision to that at 2.1 percent (November 24). The final revision was release on December 22 and it read the value at 2.3 percent. Revisions are often due to more complete data being available.

	US inflation adjusted Gross Domestic Product growth								
	2018	2019	2020	2021	2022	2023	2024	2025	2026
current	2.92	2.29	-3.40	5.48	4.31	2.85	2.71	2.59	2.56
one year ago	3.00	2.16	-3.55	3.09	2.54	2.47	2.92	2.99	2.72
two years ago	2.93	2.27	2.08	1.99	1.61	1.50	1.91	2.20	2.18

Labor market. US unemployment rate fell from 4.6 percent in October to 4.2 percent in November.⁸ While this figure was not available at the time of IHS's forecast preparation, it does support the November IHS forecast having real US GDP growth at 5.5 percent for 2021, just slightly higher than the 5.4 percent the firm saw as of October. This represents a minor upgrade to the US economic outlook, not dissimilar to the revision coming from the BEA. Idaho's unemployment rate was 2.8 percent in October and 2.6 percent in November.⁹

	Idaho employment growth								
	2018	2019	2020	2021	2022	2023	2024	2025	2026
current	3.28	2.95	-0.18	5.45	3.49	3.29	2.86	3.11	3.24
one year ago	3.28	2.95	-0.99	4.04	2.88	2.52	2.72	2.86	2.94
two years ago	3.28	2.89	2.71	2.05	2.02	1.96	2.07	2.10	2.16

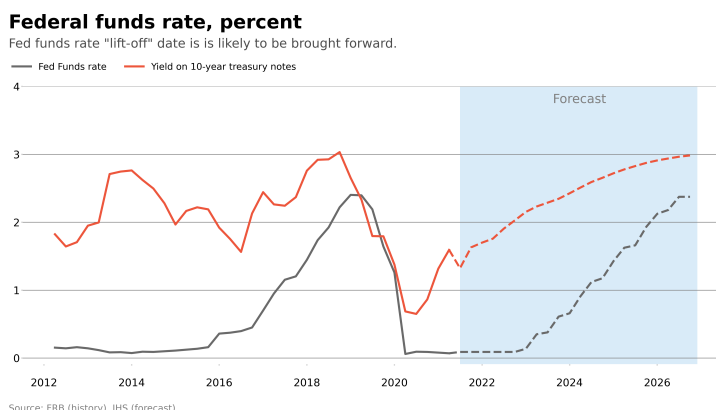
Monetary policy. This October, the inflation measured by 12 month change has been the highest since 1990 mainly caused by elevated food and energy prices. The November reading surpassed that, and brought the comparison all the way back to 1982. At that time, the (Alan) Volker lead Federal Reserve was fighting inflation from the late 1970s. Headline consumer price index (CPI) inflation has now reached to 6.8 percent. Excluding the two most volatile categories, food and energy, core CPI was 4.3 percent in July, 4 percent in August and September. Core inflation

⁸<https://data.bls.gov/timeseries/LNS14000000>

⁹A local source for this information is <https://lmi.idaho.gov/>.

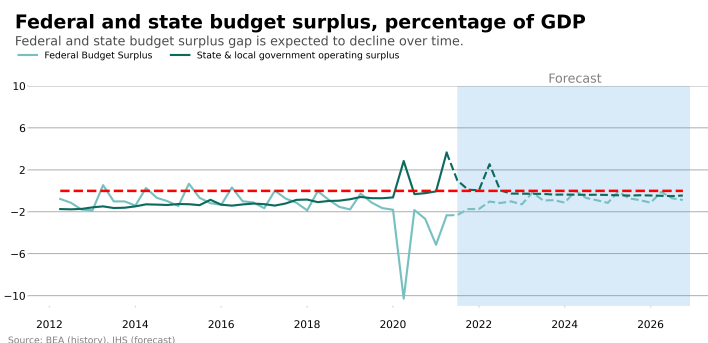
in October was 4.6 percent, the highest the US had had since 1990. November saw core CPI at 4.9 percent. Main contributors to core inflation were vehicles, from used cars to new trucks. In its November meeting, the Federal Open Market Committee (FOMC) noted the inflation is mainly caused by transitory or temporary factors.

At the December 14–15 meeting of the FOMC, the Federal Reserve updated its guidance to reflect the changing economic situation. The committee determined that the tapering of bond purchases needed to accelerate, and there is guidance that rate hikes are more likely earlier in 2022. Pages 1–4 of the transcript¹⁰ are the prepared remarks by the Federal Reserve Chair, and the “dot plot” on page 4 of their summary of economic projections¹¹ is the guidance that rate hikes are now likely in 2022. Both of these developments indicate a quicker removal (than anticipated in the IHS November US economic forecast) of a portion of the accommodative monetary policy which has been in place throughout the pandemic.



Fiscal policy. The US House passed the Infrastructure Investment and Jobs Act (IIJA, it had already passed the Senate) and the President signed it into law on 15 November. By this bill, the government will rebuild roads and bridges nationwide, address climate change, improve access to high-speed internet, and invest in public transit. Congress also raised the debt ceiling by \$480 billion, to a total of \$28.9 trillion.

Housing market. Freddie Mac, the quasi-governmental mortgage lender, published a note¹² on refinance activity in the first half of 2021. Across the US, \$1.6 trillion in refinance activity took place in the US housing market. For context, the last stimulus bill, the American Rescue Plan Act of March 2021 cost \$1.9 trillion, and the \$1,400 stimulus checks to individuals were estimated by the Joint Tax Committee¹³ to cost



¹⁰<https://www.federalreserve.gov/mediacenter/files/FOMCpresconf20211215.pdf>

¹¹<https://www.federalreserve.gov/monetarypolicy/files/fomcprojtab120211215.pdf>

¹²http://www.freddie.mac.com/research/insight/20211029_refinance_trends.page

¹³March 09, 2021 <https://www.jct.gov/publications/2021/jcx-14-21/>

about \$394 billion in 2021. Average refinancing savings per each year through reduced mortgage payments are \$2,800.

Monetary policy, fiscal policy, and personal income in Idaho. One context for an additional \$2,800 in disposable cash per year per refinance is that it is as if couples who refinance would continue to receive the stimulus checks from March 2021 each year. The Census puts out detailed estimates, among which is that there are now over 284,000 households in Idaho with a mortgage. If 40 percent of those households refinanced with the annual savings discussed by Freddie Mac, that would be equivalent to a \$317 million increase in disposable income for the state. The effect would be similar to a 2 percent raise for all homeowners with mortgages across the state. With price appreciation often leading the nation, it is likely that Idaho households may have disproportionately benefited from refinancing, and may continue to do so for years, and perhaps even a decade or more, to come.

PDF page 14 of the link [BEA](#) shows the estimates for federal stimulus/economic recovery efforts during the pandemic on the Idaho economy. The numbers there are at annual rates. That means, for example, that the 6.36 billion dollars recorded for the economic stimulus payments in the second quarter of 2020 represents about $6.36/4 = 1.59$ billion dollars in cash transfer that quarter.

Line five of that report indicates that per capita personal income in the third quarter of 2021 was roughly the same as it was in the second quarter of 2020, the quarter just highlighted above for its large stimulus payments. This is indicative of how Idaho's economy is recovering from the pandemic's effects. Line 29 of that report shows aggregate wages paid in Idaho have increased over 11 percent in those five quarters.

Global conditions. Estimates by the International Monetary Fund (IMF) show the global economy is projected to grow 5.9 percent in 2021 and 4.9 percent in 2022.¹⁴ These are adjusted for inflation. The 2021 estimate is downgraded by 0.1 percentage point due to lingering supply disruptions in advanced economies. Those have further feed inflation in many countries. Advanced economies are expected to regain the pre-pandemic growth trend by 2022 and exceed it by 2024; whereas the emerging and developing economies are expected to remain below the pre-pandemic growth pattern in 2024.¹⁵ These economic divergences are a consequence of large disparities in vaccine access and in policy support. While almost 60 percent of population in advanced economies are fully vaccinated, 96 percent of the population in low-income countries remain un-vaccinated.

Another view on the global outlook is provided by the OECD (Organization for Economic Cooperation and Development), which the US is a member. Its December 2021 release¹⁶ indicates that the world economy rebounded by 5.6 percent in 2021, and the organization expects growth of

¹⁴<https://www.imf.org/en/Publications/WE0/Issues/2021/10/12/world-economic-outlook-october-2021>

¹⁵For indications of advanced, emerging, and developing nations, see table 1.1 in the pdf available at the preceding link (pdf page 23, numbered page 5).

¹⁶https://www.oecd-ilibrary.org/economics/oecd-economic-outlook/volume-2021/issue-2_66c5ac2c-en

4.5 percent in 2022, with 3.2 percent in 2023. Immediately after stating these growth projections, the OECD lists three factors affecting the global economy, ones which are in agreement with what IHS and the IMF are seeing. Recovery is linked to health conditions. Labor shortages are present even though hours worked and jobs held are lower than prior to the pandemic. Price pressures come from supply and demand mis-matching, particularly from the volatile food and energy sectors.

In 2021, the real GDP growth projection from the IMF show Turkey in emerging and developing Europe, Hong Kong and Singapore in advanced Asia, and India and China in emerging and developing Asia as growing most quickly. The US and China are each expected to contribute about one quarter of global growth in 2021. Among low-income economies, vaccination has lagged, and this seems to be causing their economic expansion to deteriorate. Aside from 2020, the just completed 2021 might become the slowest pace of expansion in two decades for low-income economies.

CPI-style inflation has increased in both advanced and emerging economies, but it is expected to go down to pre-pandemic levels by mid-2022. By the IHS estimate, global consumer price inflation is projected to pick up from 2.2 percent in 2020 to 3.7 percent in 2021, its highest rate since a 5.0 percent advance in 2008. For the US, IHS places 2021 CPI inflation at 4.5 percent, with 3.3 percent to follow in 2022.

For the IMF's reading, it is 4.3 percent in 2021 and 3.5 percent in 2022 for the US. By contrast, the IMF has the weighted average for advanced economies showing 2.8 percent CPI inflation in 2021 and 2.3 percent in 2022. Similarly, emerging and developing economies are expected at 5.5 and 4.9 percent across the two years.

Higher than expected inflation rates diminish the real measure of global economic growth starting from 2022, and there can be real consequences of the inflation. Food prices are rising not just in advanced economies but also in low-income countries. There may be serious food insecurity concerns beyond those already present in Afghanistan, Syria, Yemen, and Ethiopia.

Global labor markets are recovering but employment is still below the pre-pandemic level. According to the International Labor Organization¹⁷ the decline in hours worked in 2020 was equivalent to 255 million full-time jobs lost worldwide. The picture in the first half of 2021 smaller, but still substantial. For high-income countries like the US, the loss was 8.3 percent of hours in 2020, and between 5.1 and 7.2 percent in the first half of 2021. On average, emerging market and developing economies have been hit harder than advanced economies. Women's employment in those countries remains low compared to advanced economies where the differences by gender have largely disappeared.

¹⁷https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_795453.pdf

Economic outlook

US growth rates	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
nominal GDP	4.20	5.38	4.12	-2.24	9.62	7.87	5.15	5.25	5.12	5.01
inflation adjusted GDP	2.26	2.92	2.29	-3.40	5.48	4.31	2.85	2.71	2.59	2.56
personal income	4.68	5.08	4.06	6.53	6.51	0.96	4.98	5.26	5.34	5.28
...inflation adjusted ...	2.80	2.88	2.54	5.29	2.76	-1.96	3.00	3.09	3.14	3.08
wage & salary payments	4.74	5.02	4.75	1.29	7.95	7.89	6.13	5.27	5.09	5.04
...average wage ...	3.12	3.41	3.36	7.56	4.97	3.82	4.17	4.33	4.45	4.46

ID growth rates	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
nonfarm jobs	3.06	3.28	2.95	-0.18	5.45	3.49	3.29	2.86	3.11	3.24
population	2.12	1.88	2.11	2.12	2.34	2.20	2.11	1.74	1.56	1.55
personal income	5.97	6.40	6.72	8.85	8.12	0.81	5.92	5.99	8.17	7.71
...inflation adjusted ...	4.06	4.18	5.17	7.59	4.32	-2.11	3.91	3.81	5.91	5.46
wage & salary	7.28	7.06	5.66	7.00	9.64	7.93	7.48	7.72	8.14	8.29
average wage	4.03	3.82	3.35	6.85	4.32	4.24	4.15	4.83	4.99	5.01

Consumers. Consumer spending slowed as supply constraints and a worsening outlook (as measured by the University of Michigan Consumer Sentiment Index¹⁸) took effect in the autumn. IHS, though, retains within its forecast, several indications that consumers can continue the recovery, perhaps with less rebound and more steady climb. Real disposable income, that is after tax, was up 6.2 percent in 2020. It is forecast to rise again by 1.7 percent in 2021.

Real household net worth increased by 10.5 percent in 2020, and is expected to have matched that in 2021. Growth in 2022 and 2023 are much more subdued in the forecast, at 0.8 percent in both years. During 2020 the personal savings rate shot to 16.4 percent. It is expected to close 2021 at 11.6 percent. Then for the near future, IHS sees this at 6.0 percent and 6.5 percent across 2022–2023. The obligations ratio, which measures ongoing debt service to disposable income, and which included long-term debt such as mortgages, is expected to rise from 14.1 in 2020, to 14.2 in 2021, then 15.3 in 2022 and 15.4 in 2023.

Regarding the consumer sentiment index, IHS notes that the strata of consumer which reported the decline in sentiment was those households earning less than \$100,000. The firm noted that for that strata, rising food and gasoline prices likely lead to the drop in sentiment. Gasoline prices have moderated a bit in the past few weeks, returning to near \$3.30 per gallon.¹⁹

Assessing those household figures and forecast values in aggregate, IHS notes that

...current high levels of inflation are a threat to real incomes and consumer sentiment, but the risks are roughly balanced by rising job and wage growth.

¹⁸Do read the notes just below the graph available at <https://fred.stlouisfed.org/series/UMCSENT/>.

¹⁹<https://www.gasbuddy.com/charts>

Additionally, consumers have excess savings and ability to expand credit from the current low levels.

Wealth. Within IHS’s model, consumers will spend their “excess savings”, which is part of their wealth, gradually over their lifetimes. This means that there is expected to be a bit of a decline in the savings rate below what would otherwise have been expected going forward. The reporting of actual wealth increases, detailed below, shows considerable gains across little time. Sticking with the IHS contention that individuals will on average spend this excess savings slowly across time, these financial wealth gains will help to sustain consumer spending for quite some time.

To provide context for the gains in wealth, it may be good to begin with nonfarm compensation per hour. In IHS’s accounting, this was found to have risen by 7.0 percent in 2020. IHS expects it to expand by 3.8 percent in 2021, and then to nearly repeat at 3.7 percent in 2022, before 4.5 percent growth in 2023.

Compared with 2019, the value for 2021 is 11.1 percent above the earlier per hour value. IHS’s forecast then places 2023 at 20.4 percent above that 2019 level. By 2026, nonfarm compensation per hour is expected to be 37.1 percent above the 2019 level.

As for wealth, household holdings of financial assets, expanded by 12.5 percent in 2020, and are expected to increase by 14.2 percent in 2021. Household holdings of other assets, including real estate, expanded by 8.3 percent in 2020, and are projected to have increased by 14.7 percent in 2021.

Compared with 2019, IHS places these wealth values 28.4 and 24.2 greater for 2021, then further advances the gains to 26.3 and 46.4 percent above their 2019 levels by 2023. By the close of the forecast in 2026, these two measures of wealth are expected to be 31.1 percent and 64.3 percent above their 2019 levels. Thus across the pandemic, compensation per hour has advanced by over 5 percent per year, and yet wealth has tromped that by advancing well over 10 percent per year.

Astute readers will have noticed that financial asset holdings are up sharply above nonfarm compensation per hour across 2019–2021 in the IHS forecast, but that by 2026, nonfarm compensation outruns the financial asset gains. IHS posits that the total return on equities will average 3.4 percent through 2026. The firm attributes this to equity prices reflecting a decline in earnings as a percentage of GDP.

While the S&P500 is not the entire equity market, it is a large chunk of it, and it is widely held through index funds. The 2021q3 forecast from IHS released in March 2021 was for that index to be below 3900. The November commentary from IHS indicated the index was just over 4300 for the 2021q3 measurement. That last number is actual data.

On the opposite side of wealth sits debt. Short-term credit card debt has declined, having reached near nine-tenths of a trillion dollars going into 2020, it is now just eight-tenths of a trillion. For context, the total credit card debt has been between six-tenths and nine-tenths of a trillion dollars since 2010. While auto debt and student loan debt began within that range in 2010, they have since grown to 1.4 and 1.6 trillion dollars since 2010.

Most wealth statistics are unavailable at the state level, and that includes to some extent the wealth effect that deferred student loans have provided during the pandemic. However, there is some Idaho data and since student loan repayment were set to begin in January for federal student loans (deferment was recently extended till May by the federal administration), it is worth considering the scope that the federal deferrals for loan payments across most of the pandemic have may have had for Idaho. The US Department of Education has some data available via state²⁰ where the values through June 2021 were available at the time of this writing.

While it is not possible to know what the payments are for these accounts, since some may have been paid down across considerable time and others may be on income-based repayment plans, were these to all be replaced with 10-year borrowing beginning now, using the rates available²¹ the consequences would be monthly payments which fall within these summary statistics for Idaho student loan borrowers.

Federal student loans have been deferred since early within the pandemic. The federal administration recently extended this deferral beyond January 2022 to May 2022.

Idaho: Federal student debt		
Strata in \$ k	Total Debt in \$ m	Count
< \$5	100	35,700
\$5–\$10	250	35,200
\$10–\$20	620	42,800
\$20–\$40	1,320	45,900
\$40–\$60	1,080	22,000
\$60–\$80	960	13,900
\$80–\$100	590	6,700
\$100–\$200	1,260	9,200
> \$200	910	3,100

Hypothetical: refinancing to ten-years, \$ monthly payment						
Rate	min	first quartile	median	mean	third quartile	max
3.73	28	142	491	766	880	2935
5.28	30	152	527	823	946	3154
6.28	31	159	552	961	990	3300

Business. Overall, change in annual business investment registered -5.3 percent in 2020, it is expected to bounce back by 7.6 percent in 2021, then to achieve 6.8 and 5.1 percentage point expansions in 2022 and 2023.

Avenues which are showing the greatest expansion are mining exploration (primarily drilling) which after a collapse of 37.5 percent in 2020 is expected to grow 13.3 percent in 2021, then 23.3 percent in 2022, before quieting to 8.5 percent expansion in 2023. Transportation equipment saw and is expected to see, a similar pattern: -35.2 percent, followed by 19.1, 18.7 and 7.1 percent across 2021–2023. For a more stable portion of investment, intellectual property products (think patents) grew 2.8 percent in 2020, but is rebounding from that slower pace with 10.7, 10.1 and 5.0 percent growth across those same three years of the forecast.

²⁰See “Portfolio by Location and Debt Size” at <https://studentaid.gov/data-center/student/portfolio>

²¹<https://studentaid.gov/understand-aid/types/loans/interest-rates>

For oil drilling: the firm sees room for prices to fall in oil markets. The decline is only expected to be off of the high; further investment in the oil fields is expected to be supported by oil prices going forward. Indeed, the low prices prior to the pandemic are not forecast to return, which means that drilling should continue to expand.

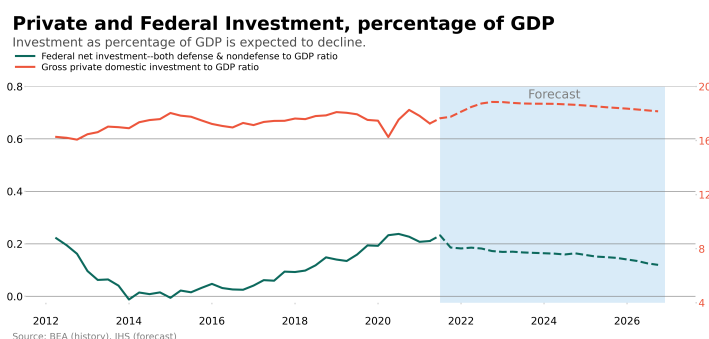
Fixed (in place) investment is expected to grow 7.6 percent this year, 6.8 percent in 2022, and to average 4.5 percent across the subsequent three years. IHS sees this as partly driven by firms investing for greater capacity to meet demand. Thus far, most of the growth in manufacturer orders in 2021 came through price increases, not volume. IHS noted that real shipments have been flat since January 2020.

This means that there is at least a year's worth of volume growth to invest to meet. In fact, IHS elsewhere noted that nonfarm inventories fell across 2020. Manufacturers are having difficulty restocking inventory, partly because final sales continue to climb. The capacity utilization rate for US factories is one measure of businesses attempts to restock depleted inventories. It hit 71.1 percent across 2020. In 2021 it is predicted to average 75.8 percent, with 78.8 percent the value expected in 2022, and 79.2 percent in 2023. Factory capacity is never near 100 percent because new lines are always developing to handle new, improved products. Another factor is maintenance of factories.

Shortage of materials or workers had not been an issue for most US manufacturing prior to the pandemic. IHS indicates that manufacturing forecasting "is now an estimate of possible production rather than demand or orders." Thus, perhaps the recovering capacity utilization numbers in the prior paragraph could expand further should some of the kinks in supply chains be straightened or should labor force participation expand further than envisioned.

As for demand, it is expected to stay elevated. US fuel energy consumption is expected to increase from 92.9 qBtu to 97.8 qBtu from 2020 through 2021. The forecast for 2022 and 2023 are for 98.1 and 98.5 qBtu, respectively. That type of trajectory (a quick bounce-back followed by a few more years of more gradual expansion) is forecast by the firm for global oil markets as well: "Demand should slow as it approaches pre-pandemic levels, just as demand for gasoline has in the US." US producers are expected to meet substantial portions of that additional demand as wells drilled now will produce in 2022 and 2023.

The US Energy Information Administration (EIA) saw 2022 retail gasoline averaging just under \$3/gallon in the US, world liquid petroleum product consumption between 100 and 105 million barrels of oil equivalent across each quarter of 2022, and production meeting or just slightly exceeding that demand. The EIA raised its estimates for Permian Basin and Federal

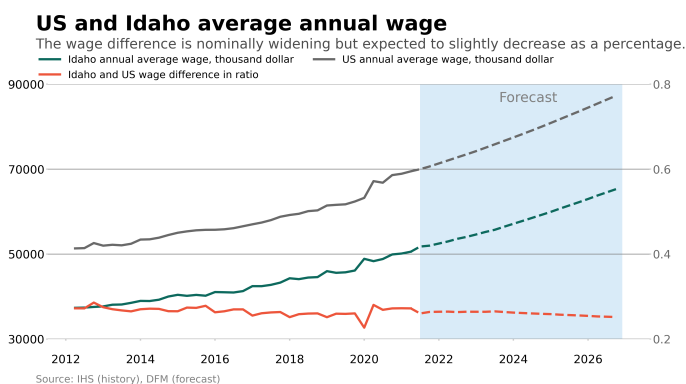


offshore Gulf of Mexico production slightly, with total US production averaging 11.9 million barrels of oil per day in 2022.

Personal income. Wage payments are projected to increase going forward, continuing the recent experience. Much of this increase is due to expanding employment. Some of it is due to rising pay rates for individual jobs. Measured by average pay, Idaho's wages have lagged the nation. That is not expected to reverse, but the gap is expected to narrow on a percentage measure. The portions of personal income due to the next largest pieces in BEA accounting are expected to stay about as they have been, absent the quarters of the economic stimulus payments. Those large components are dividends, interest, and rent, which is primarily rent²², supplements to wages and salaries,²³ and transfer payments²⁴

IHS has a variable, minwage, within its economic model. It is not tied to the federal minimum wage, which remains at \$7.25/hour for regular work; it rises significantly above that value across the forecast horizon. To understand why, consider the weighted average minimum wage coming from all of the local minimum wage laws in cities and states across the US, with the weight being determined by the working age population

in those jurisdictions. That weighted average wage is now certainly above the \$7.25 rate as some very populous states have higher minimum wages. The IHS variable may also take into account the portion of workers at several large employers, such as Amazon, Walmart, Target, Starbucks, and Costco, which pay above the federal minimum wage as their starting wage. Looking at Idaho's environment, which includes such employers, it also has two neighboring states, Oregon and Washington, which may be, by their legislation, influencing wage rates within Idaho towns and cities, just as those cited employers are doing. This minwage variable has been incorporated in the Idaho economic model. In the accompanying graph it is visible that the average wage trajectory in Idaho (blue) is similar to that in the US (gray). Medians would be a better measure to use, but such data are unfortunately not available. The discount, which is the lowest line in the graph, represents the percentage discount the average wage in Idaho is compared to the US. Likely this is an artifact of averages, which are pulled by extreme values. Wages, salaries, and especially bonuses, which are all part of what is simply called wages here, are likely skewed by occupations such as traders in financial hubs.



²²BEA treats the value of one's home as a part of personal income, doing so by valuing the equivalent rent the home would command were it rented to a tenant

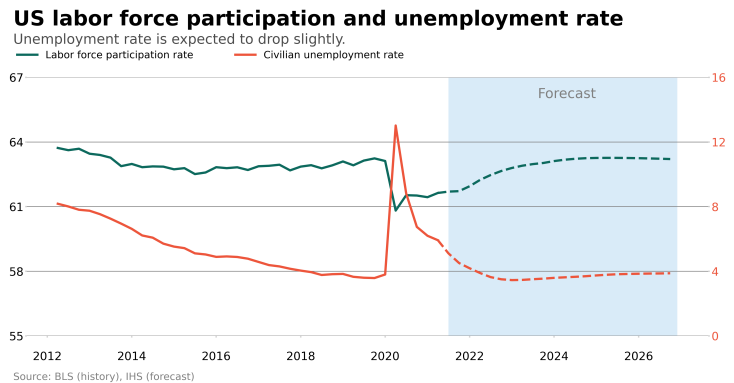
²³Primarily health insurance and other insurance provided through employers.

²⁴For example, Social Security payments; no additional stimulus payments are forecast by IHS in its November outlook for the US.

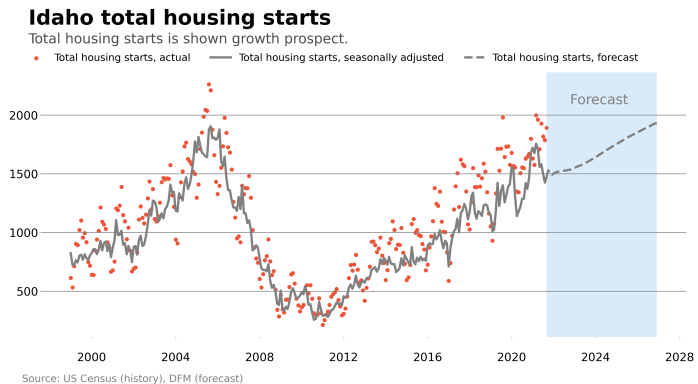
Labor market. Recent forecasts have seen that a slowly moving, but important, metric—the labor force participation rate—is stationary at the national level²⁵, and that it has declined a bit in Idaho²⁶.

The forecast from IHS is that labor force participation will increase gradually to 63 percent by 2024. The path of this forecast is only slightly different within the pessimistic case, taking one more year to reach that level, though 2024 would be less than 0.1 percentage point away. The optimistic case from IHS is essentially indiscernible with regard to labor force participation when compared with the baseline case.

As to Idaho’s measure, the current measurements are above the national rate, and even the national forecast for 2022 as the nation continues to its recovery from the pandemic induced shut-down. The bounce back from the 62.1 percent low mark in April 2020 to 64.2 percent in September 2020 was not sustained through the close of that year when 63.2 percent was found to be the December 2020 measure.



Housing. The accompanying graph shows monthly housing starts data (the dots) and the resulting seasonally adjusted values which are the input to the Idaho economic model (that seasonally adjusted line is the historical record, which is the jagged line in the plot). Also included is the monthly average housing starts expected by the model. This is one point where the forecast is tilting towards being conservative. In light of



the recent pivot by the Federal Reserve towards raising interest rates, tilting in that direction is prudent. While housing starts are not predicted to be low, they are not placed at the upper range of possibilities given the historical record. One consequence of this is that construction job growth is predicted to be centered in a slower part of its growth distribution, still growing, but not necessarily at the fastest paces it has exhibited recently. All these forecasts could be characterized as cautious, not at all dour.

²⁵The BLS provides a nice interface for this data at <https://www.bls.gov/charts/employment-situation/civilian-labor-force-participation-rate.htm>.

²⁶Note that this by default shows a longer data history: <https://fred.stlouisfed.org/series/LBSNSA16>.

In the lender's forecast²⁷, house prices will appreciate 7 percent in 2022, after rising 11.3 percent in 2020 and 16.9 percent in 2021. Focusing on the median price of an existing home, IHS saw these rise 9.7 percent in 2020, 15.5 percent in 2021, and forecast that they will rise 1.8 percent in 2022 and 3.1 percent in 2023. IHS gave four views on home prices:

Home price growth should begin slowing for multiple reasons: First, and expanding housing stock. Second, some homes protected by forbearance will be listed for sale. Third, more aspiring homeowners will be priced out of the single-family home market, remaining renters. Fourth, the feeding frenzy that has driven home prices up to unsustainable levels in some markets will end.

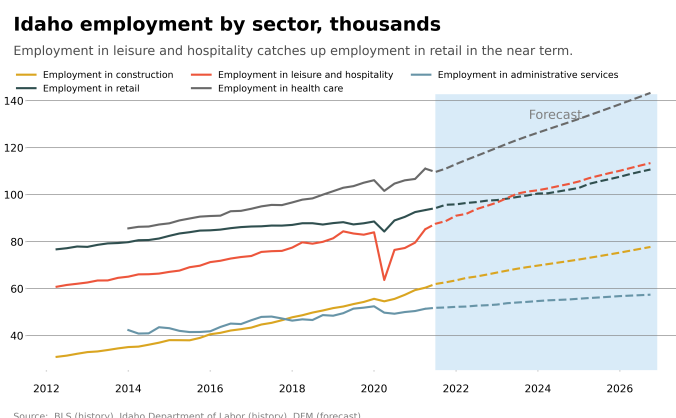
Projected US housing starts in 2021 by IHS are for 1.57 million units, with 1.43 million units in 2022, and 1.33 million units in 2023. Idaho housing starts are in the accompanying table.

ID housing	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
total starts	14,006	16,076	16,828	18,282	20,532	18,301	19,072	20,330	21,614	22,737
single family	11,261	13,019	13,008	14,547	16,353	14,671	15,418	16,454	17,475	18,352
multi-family	2,746	3,057	3,819	3,735	4,179	3,630	3,654	3,876	4,139	4,385

Fiscal policy. IHS predicts the IIJA to raise GDP by half of a percent in 2025–26, at its peak. Funding and activity from that law is expected to boost employment by 750,000 by then. By IHS estimates, in 2031 and with the economy near full employment, the level of GDP is almost one-quarter of one percent higher than without the IIJA. The Congressional Budget Office (CBO) estimates the IIJA will cost \$573 billion over ten years and add approximately \$400 billion to the debt; the CBO finds that \$173 billions of spending consists of offsets to otherwise authorized spending.

Sectors. While the IIJA federal legislation should aid construction activity in the medium-term outlook, the rise in interest rates is expected to impact construction activity in the other direction. The pivot away from pressuring longer-term bond yields lower through active purchases of treasury securities and mortgage-backed securities by the Federal Reserve towards no net purchases as soon as March could allow the 10-year yield more room to climb. This

yield is the one which most directly influences 30-year mortgage rates. As indicated, average mortgage rates already rose in 2021, from 2.7 percent to 3.1 percent. While it is difficult to



²⁷http://www.freddiemac.com/research/forecast/20211015_quarterly_economic_forecast.page?

untangle the effect of that rise from the effects of the season, housing appreciation has paused its upward acceleration, and house transactions are less frenzied at the close of 2021 in most markets.

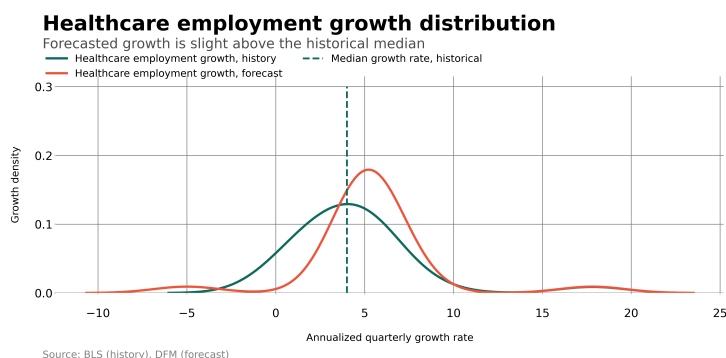
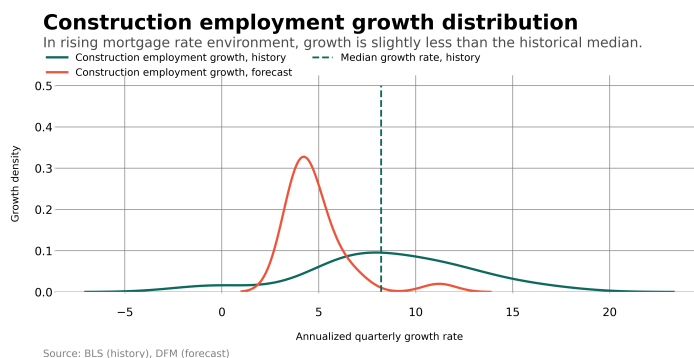
Should the Federal Reserve commence rises in its policy rate for short-term interest rates, the entire yield-curve of interest rates could follow. This would be another avenue which could eventually raise borrowing costs for the housing market. Due to these possibilities, the Idaho housing starts forecast is not at its most aggressive possibility. Countering that, though, the state continues to be a popular destination for other US

residents, as the recently released 2021 population estimate from the Census Bureau indicates. Though official 2021 births and deaths for Idaho are not available until mid-to-late summer, typically the net natural increase of population in the state is around 7,000 people. That puts the 53,000 population increase from July 2020 to July 2021 as a remarkable measure. That would mean six times as many people moved to the state as the state itself provided as new residents.

Construction was notably an industry in the state which has had no breaks during the pandemic. Healthcare, by and large, is similar, though there has certainly been great variability in the delivery and availability of healthcare services. Some services have moved online. Tele-health has expanded. Other services have paused for routine matters, though less so for emergencies. Dental care would be such an example, though

even that aspect of healthcare has certainly had great variability in its response to the pandemic. Major hospitals have seen the setting of “crisis standards of care”, which provides greater flexibility in the delivery and expectations of the healthcare providers, as well as removal of that standard back to traditional medicine.

As indicated by the lengthy list of changes in healthcare, it is perhaps unsurprising that the pandemic has shown the industry one of the few times in the past two decades that healthcare employment did not expand. In fact, there was a contraction in the spring of 2020. However, healthcare employment seems to be generally expanding again, and since population is a primary driver of healthcare jobs, both in the so-to-speak real world as well as in the Idaho economic



model which produces the numeric forecast, this forecast sees sustained healthcare jobs expansion through the close of 2026. Growth is expected to be fairly robust, partly aided by the aging of the Idaho population. Healthcare needs are generally thinnest during the middle of life. With an expanding older cohort and fairly stable birth patterns, Idaho's need for healthcare providers is expected to draw upcoming employees to that sector, and to draw existing workers from outside of the state but already established within that sector to move to the state.

Forecast analysis

Forecast comparison. We repeat the next two sentences from our October report. The July forecast indicated that due to the strong readings for wages and personal income in 2020, the estimate for 2021 and 2022 had been raised. The July forecast saw over \$42 billion in wages in 2021, and over \$45 billion in 2022, both substantially above what had been forecast prior to the pandemic. The BEA's just released data indicates that third quarter 2021 saw wage payments at the \$42.6 billion rate in Idaho. Growth in total wages is still substantial in this forecast, and much of that rests upon growth in jobs.

Population projections were up by 17 thousand in 2022 in the October forecast over the July forecast. Since then, the Census has raised the starting point for 2021 population to 1.9 million within the state. By 2026 the state's annual average population was expected to crest 2 million, that expectation being made in October. Even without the new Census estimate, the current forecast saw 2 million being reached during the first quarter of 2025, and 1.9 million being reached in mid-2022. Idaho population is primarily driven by the jobs forecast within the Idaho economic model. Were the causality to go in the reverse, the most recent Census estimate would indicate that an upward revision to the jobs trajectory could be expected in a subsequent *Idaho Economic Forecast*. However, that is not how the causality runs, though it does give some comfort, as there is room for a strong jobs forecast.

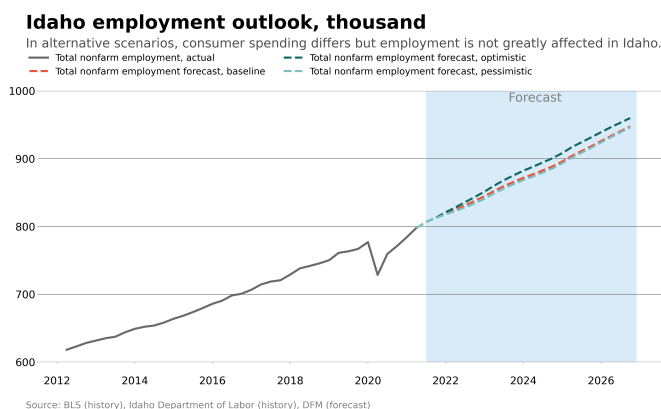
Total nonfarm job grow in the current forecast, though not quite as robustly as in the October forecast. In October, the 2022 projected value was for 833 thousand. They had been forecast at 819 thousand in July. Now they are seen at 828 thousand for 2022. Towards the end of the forecast, in 2026, the outlooks are as follows. In October the value for 2026 was at 951 thousand, rather than 895 thousand as seen in July. The current forecast sees 937 thousand.

July forecast		2021	2022	2023	2024	2025	2026
Personal income	\$ m	96,793	97,848	102,801	107,965	113,558	119,947
Wages	\$ m	42,304	45,187	47,776	50,142	52,534	55,355
Population	count	1,862,169	1,894,117	1,929,323	1,958,719	1,985,410	2,011,623
Nonfarm	jobs	793,265	819,390	841,963	860,054	876,840	895,196
October forecast		2021	2022	2023	2024	2025	2026
Personal income	\$ m	95,290	95,917	102,411	108,795	117,742	126,919
Wages	\$ m	42,370	46,573	50,241	54,066	58,388	63,188
Population	count	1,866,870	1,912,859	1,954,802	1,989,341	2,020,417	2,051,585
Nonfarm	jobs	803,207	838,543	869,216	895,090	922,289	951,166
January forecast		2021	2022	2023	2024	2025	2026
Personal income	\$ m	96,307	97,086	102,835	108,993	117,897	126,991
Wages	\$ m	41,915	45,238	48,622	52,374	56,640	61,336
Population	count	1,869,658	1,910,826	1,951,169	1,985,121	2,016,092	2,047,404
Nonfarm	jobs	800,393	828,332	855,603	880,072	907,471	936,876

IHS sets its baseline, pessimistic, and optimistic forecasts to indicate reasonably likely economic outcomes. Baseline assumes current economic and policy conditions. Pessimist takes into account some possible, negative shocks. Optimist takes into account some possible, positive shocks. IHS scenarios are not exhaustive, but rather indicative.

Alternative forecasts. As mentioned elsewhere in this report, the November edition of the IHS forecast for the US held that the guidance available in early November (when it releases its forecast) from the Federal Reserve Open Market Committee (FOMC) would hold, namely that the committee was unlikely to raise interest rates before ceasing its open-market bond purchases, which was in turn expected around mid-2022. Guidance from the FOMC changed in

December. One consequence of using the November forecast is that the spread in anticipated housing activity in this report is not great through the three scenarios. Typically, the spread is greater, much more like that exhibited by the nonfarm jobs or the wage data shown in the accompanying table. Also as mentioned elsewhere, the forecast for housing starts was not set at the pinnacle of what is conceivable given the historical record, which was a bit of caution introduced within the forecast and informed by the evolving views within November itself.



		2021	2022	2023	2024	2025	2026
Nonfarm jobs	baseline	800,393	828,332	855,603	880,072	907,471	936,876
	optimistic	800,442	832,076	863,774	891,378	920,306	949,618
	pessimistic	800,305	825,738	851,925	876,886	904,943	935,215
Housing starts	baseline	20,532	18,301	19,072	20,330	21,614	22,737
	optimistic	20,532	18,301	19,104	20,405	21,714	22,829
	pessimistic	20,532	18,301	19,040	20,185	21,359	22,427
Wages, m \$	baseline	41,915	45,238	48,622	52,374	56,640	61,336
	optimistic	41,967	45,805	49,760	53,979	58,605	63,475
	pessimistic	41,887	44,714	47,383	50,495	54,211	58,482

Looking at the spread between the optimistic and pessimist nonfarm jobs expectations towards the end of the forecast, and comparing that with the spread between those two scenarios in terms of wages, it becomes apparent that the average wage trajectories are fairly different. For

context, in early 2018, average wages were just above \$44,000 in Idaho. By mid-2021, they were almost \$52,000. In the three scenarios, the average wages diverge from just above \$58,000 in the optimistic case to just above \$57,000 in the baseline case, to the mid-\$55,000 area in the pessimistic case. By the close of the forecast, in late 2026, the divergence is wider: high-\$66,000 in the optimistic case, mid-\$65,000 in the baseline case, and low-\$62,000 in the pessimistic case.

Idaho General Fund Revenue

History and Forecasts

We discuss 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, sales taxes, and corporate income) account for about 95% of Idaho's General Fund revenue. Historically, individual income tax has been the largest contributor to the General Fund. Sales tax collections have on net been greater for several years, but the portion directed to the General Fund has been slightly less than net receipts from individual income taxes. Corporate tax receipts have historically been well under half of the value of the other two main streams of income for the General Fund.

Product taxes and miscellaneous revenue sources are the remaining sources of General Fund revenue.

All these revenue sources are forecast using a combination of econometric methods. The main econometric method employed is multiple regression, using variables contained in the Idaho Economic Model (IEM). Exogenous forecast data are obtained from the January 2022 *Idaho Economic Forecast*. Both are products of the Idaho Division of Financial Management. The forecast use collections history, i.e., receipts to date. Econometric techniques are generally reliant upon historical data to project the future. Other factors considered include the effects of law changes, judicial decisions, and knowledge not reflected in the econometric analysis. News of major employment changes would constitute an example of knowledge not contained within the historical data which may affect Idaho's General Fund revenue.

Within the miscellaneous and product taxes, 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			FORECAST		
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
INDIVIDUAL INCOME TAX	\$1,828.282	\$1,661.130	\$1,905.246	\$2,446.316	\$2,300.791	\$2,553.109
% CHANGE	10.7%	-9.1%	14.7%	28.4%	-5.9%	11.0%
CORPORATE INCOME TAX	\$238.708	\$283.163	\$243.337	\$348.555	\$392.830	\$324.080
% CHANGE	11.5%	18.6%	-14.1%	43.2%	12.7%	-17.5%
SALES TAX	\$1,490.015	\$1,597.704	\$1,689.376	\$2,004.203	\$2,160.716	\$2,272.077
% CHANGE	7.8%	7.2%	5.7%	18.6%	7.8%	5.2%
CIGARETTE TAX	\$7.306	\$10.388	\$7.939	\$8.797	\$9.524	\$9.524
TOBACCO PRODUCTS	\$13.253	\$13.676	\$13.043	\$12.952	\$14.131	\$14.918
BEER TAX	\$1.965	\$1.993	\$2.095	\$2.244	\$2.371	\$3.531
WINE TAX	\$4.815	\$4.986	\$5.071	\$5.413	\$5.405	\$5.110
LIQUOR SURCHARGE	\$30.960	\$33.235	\$37.400	\$48.580	\$55.620	\$51.833
KILOWATT-HOUR TAX	\$2.592	\$2.371	\$2.066	\$1.961	\$1.976	\$2.074
MINE LICENSE TAX	\$0.024	\$0.023	\$0.077	\$0.024	\$0.040	\$0.052
PRODUCT TAXES	\$60.916	\$66.672	\$67.690	\$79.971	\$89.067	\$87.042
% CHANGE	4.9%	9.4%	1.5%	18.1%	11.4%	-2.3%
INTEREST EARNINGS	\$4.654	\$2.850	\$0.144	\$1.929	\$10.645	\$2.468
COURT FEES AND FINES	\$9.184	\$8.213	\$7.156	\$6.979	\$6.975	\$6.757
INSURANCE PREMIUM TAX	\$70.486	\$75.352	\$84.421	\$85.518	\$79.114	\$78.133
ALCOHOLIC BEVERAGE LICENSES	(\$0.000)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
UCC FILINGS	\$3.484	\$3.988	\$4.851	\$6.030	\$6.249	\$6.538
UNCLAIMED PROPERTY	\$8.507	\$11.801	\$14.110	\$16.095	\$15.000	\$15.000
LANDS	\$1.141	\$0.041	\$0.072	\$0.095	\$0.174	\$0.206
ONE-TIME TRANSFERS	\$8.806	\$15.698	\$0.000	\$0.000	\$110.000	\$110.000
OTHER DEPTS & TRANSFERS	\$7.424	\$7.996	\$15.575	\$19.381	\$18.875	\$8.661
MISC. REVENUE	\$113.685	\$125.937	\$126.330	\$136.027	\$247.032	\$227.763
% CHANGE	-43.4%	10.8%	0.3%	7.7%	81.6%	-7.8%
TOTAL GENERAL FUND*	\$3,731.606	\$3,734.606	\$4,031.978	\$5,015.072	\$5,190.436	\$5,464.071
% CHANGE	6.4%	0.1%	8.0%	24.4%	3.5%	5.3%

* Totals may not add due to rounding.

FY 2021: LSO will show .4 more in sales tax; liquor surcharge shown here is "on course for" value.

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+
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%
2021	1.000%	3.100%	3.100%	4.500%	5.500%	6.500%	6.500%	6.500%	6.500%

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

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 subject 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 few 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 some 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; notable exceptions to that date have occurred in 2020 and 2021, when the dates were June 15 and May 15).

Most net revenue from income tax is distributed to the General Fund. A notable exception is withholding collections on Idaho lottery winnings: those collections 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 2022 through FY 2026 are based on econometric analysis.

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	\$8,939
FY20	Actual	\$2,171,357	\$257,286	\$1,905,246	\$7,174	\$8,825
FY21	Actual	\$2,746,283	\$288,923	\$2,446,316	\$8,182	\$11,043
FY22	Projection	\$2,696,326	\$379,426	\$2,300,791	\$7,811	\$16,110
FY23	Projection	\$2,865,554	\$302,981	\$2,553,109	\$7,880	\$9,465
FY24	Projection	\$2,991,160	\$322,951	\$2,658,391	\$7,947	\$9,818
FY25	Projection	\$3,314,760	\$353,494	\$2,950,804	\$8,021	\$10,461
FY26	Projection	\$3,570,245	\$388,946	\$3,169,934	\$8,101	\$11,366

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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 3.5% of the amount remaining after the revenue sharing distribution, and simultaneously 1% goes towards the local distribution formula for highways. 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 \$22--26 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 preceding paragraph, with the exception the General Fund receives none of these receipts; the balance is then directed to the Tax Relief Fund.

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

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-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	\$0
Jul-2021	6.0%	Balance	\$5,000	11.50%	0.0%	\$4,800		\$8,487	\$22,662	3.50%

Basis of Forecast:

The forecasts of FY 2022 through FY 2026 General Fund accruals from the sales tax are based on econometric analysis. 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 then accrues to the General Fund.

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

Year		Gross Collections	Distribution										
			Refunds	General Fund	Permanent Building Fund	Revenue Sharing	Allocation to Counties	Water Pollution Control Fund	Circuit Breaker	Personal Property Tax Exemption	Agricultural Equipment Property Tax Exemption	Tax Relief Fund	Transportation Expansion & Congest. Mitigation Fund
FY10	Actual	\$1,123,885	\$3,088	\$955,909	\$5,000	\$128,496	\$0	\$4,800	\$15,707	\$0	\$8,487		
FY11	Actual	\$1,166,272	\$21,124	\$972,380	\$5,000	\$131,215	\$0	\$4,800	\$16,002	\$0	\$8,487		
FY12	Actual	\$1,216,228	\$8,738	\$1,027,344	\$5,000	\$138,440	\$0	\$4,800	\$16,070	\$0	\$8,487		
FY13	Actual	\$1,313,372	\$11,088	\$1,109,829	\$5,000	\$149,426	\$0	\$4,800	\$15,901	\$0	\$8,487		
FY14	Actual	\$1,369,522	\$3,781	\$1,145,732	\$5,000	\$156,569	\$0	\$4,800	\$15,728	\$18,934	\$8,487		
FY15	Actual	\$1,456,971	\$5,535	\$1,218,770	\$5,000	\$166,329	\$0	\$4,800	\$16,319	\$18,922	\$8,487		
FY16	Actual	\$1,553,034	\$4,840	\$1,303,028	\$5,000	\$177,834	\$0	\$4,800	\$16,606	\$18,890	\$8,487		
FY17	Actual	\$1,643,649	\$5,313	\$1,382,418	\$5,000	\$188,175	\$0	\$4,800	\$16,968	\$18,852	\$8,487		\$0
FY18	Actual	\$1,784,749	\$4,552	\$1,490,015	\$5,000	\$204,146	\$0	\$4,800	\$17,427	\$18,837	\$8,487		\$15,713
FY19	Actual	\$1,901,712	\$5,765	\$1,597,704	\$5,000	\$217,276	\$0	\$4,800	\$17,990	\$18,730	\$8,487		\$16,725
FY20	Actual	\$2,092,204	\$6,294	\$1,689,376	\$5,000	\$230,237	\$0	\$4,800	\$19,465	\$18,605	\$8,487	\$83,566	\$17,685
FY21	Actual	\$2,508,871	\$7,016	\$2,004,203	\$5,000	\$253,584	\$0	\$4,800	\$20,596	\$18,551	\$8,487	\$135,893	\$20,902
FY22	Projection	\$2,830,835	\$8,690	\$2,161,169	\$5,000	\$304,547	\$0	\$4,800	\$22,907	\$22,662	\$8,487	\$172,704	\$105,416
FY23	Projection	\$2,991,006	\$7,806	\$2,272,077	\$5,000	\$318,807		\$4,800	\$21,385	\$26,678	\$8,487	\$203,815	\$110,726
FY24	Projection	\$3,284,711	\$8,173	\$2,486,943	\$5,000	\$348,288		\$4,800	\$23,093	\$26,678	\$8,487	\$240,095	\$120,967
FY25	Projection	\$3,671,910	\$8,608	\$2,775,457	\$5,000	\$420,270		\$4,800	\$24,611	\$26,678	\$8,487	\$281,146	\$145,936
FY26	Projection	\$3,983,006	\$9,169	\$2,996,585	\$5,000	\$455,896		\$4,800	\$26,181	\$26,678	\$8,487	\$326,973	\$158,307

CORPORATE INCOME TAX

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

Collections from the corporate income tax are based on a flat rate of 6.5% 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	
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%
2021	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%

Since its enactment in 1931, all net revenues 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 2022 through FY 2026 are based on econometric analysis.

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

Year		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	Actual	\$384,855	\$33,377	\$348,555	\$827	\$2,096
FY22	Projection	\$419,585	\$24,290	\$392,830	\$847	\$2,465
FY23	Projection	\$355,466	\$29,248	\$324,080	\$896	\$2,137
FY24	Projection	\$369,070	\$28,892	\$338,032	\$936	\$2,147
FY25	Projection	\$391,853	\$27,113	\$362,493	\$970	\$2,247
FY26	Projection	\$414,790	\$25,147	\$387,348	\$1,012	\$2,294

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

	Rate per Cigarette				Distribution									
		Public School Income	County Juvenile Probation	Gen.	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	Transportation Expansion & Congest. Mitigation Fund	
Effective Date	Total	Fund	Fund	Fund										
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 2022 through FY 2026 are based on collections history, Idaho population growth, cigarette tax rates in border states; there has been a dominant trend toward decreased per capita cigarette consumption.

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

Year		Gross Collections	Distribution											
			Refunds	General	Base	Additional	Cancer	Central	Public	County	GARVEE	Transportation		
				Fund	Permanent Building Fund	Permanent Building Fund	Control Fund	Tumor Registry Fund	School Income Fund	Juvenile Probation Fund	Debt Service Fund	Aquifer Fund	State Highway Account	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	Actual	\$33,860	\$20	\$8,797	\$5,000	\$0	\$300	\$120	\$3,315	\$3,315	\$4,700	\$5,000	\$0	\$3,313
FY22	Projection	\$37,038	\$6	\$9,524	\$5,000	\$0	\$300	\$120	\$3,315	\$3,315	\$4,700	\$5,000	\$0	\$5,758
FY23	Projection	\$37,306	\$6	\$9,524	\$5,000	\$0	\$300	\$120	\$3,315	\$3,315	\$4,700	\$5,000	\$0	\$6,026
FY24	Projection	\$36,513	\$7	\$9,524	\$5,000	\$0	\$300	\$120	\$3,315	\$3,315	\$4,700	\$5,000	\$0	\$5,232
FY25	Projection	\$35,288	\$7	\$9,524	\$5,000	\$0	\$300	\$120	\$3,315	\$3,315	\$4,700	\$5,000	\$0	\$4,007
FY26	Projection	\$33,730	\$6	\$9,524	\$5,000	\$0	\$300	\$120	\$3,315	\$3,315	\$4,700	\$5,000	\$0	\$2,450

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 2022 through FY 2026 are based on recent collections history and forecasted population.

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	0.0
FY11	Actual	\$9,849	\$163	\$8,475	\$605	\$605	0.0
FY12	Actual	\$10,204	\$4	\$8,925	\$638	\$638	0.0
FY13	Actual	\$11,460	\$17	\$10,013	\$715	\$715	0.0
FY14	Actual	\$11,318	\$22	\$9,884	\$706	\$706	0.0
FY15	Actual	\$12,025	\$19	\$10,505	\$750	\$750	0.0
FY16	Actual	\$13,397	\$145	\$11,596	\$828	\$828	0.0
FY17	Actual	\$14,519	\$60	\$12,652	\$904	\$904	0.0
FY18	Actual	\$15,159	\$13	\$13,253	\$947	\$947	0.0
FY19	Actual	\$15,661	\$31	\$13,676	\$977	\$977	0.0
FY20	Actual	\$15,393	\$487	\$13,043	\$932	\$932	0.0
FY21	Actual	\$14,851	\$48	\$12,952	\$925	\$925	1.0
FY22	Projection	\$16,280	\$131	\$14,131	\$1,009	\$1,009	0.0
FY23	Projection	\$17,180	\$131	\$14,918	\$1,066	\$1,066	0.0
FY24	Projection	\$17,950	\$131	\$15,592	\$1,114	\$1,114	0.0
FY25	Projection	\$18,586	\$131	\$16,148	\$1,153	\$1,153	0.0
FY26	Projection	\$19,213	\$131	\$16,697	\$1,193	\$1,193	0.0

BEER TAX

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

BEER TAX RATE AND DISTRIBUTION HISTORY

Effective Date	Rate Per 31-Gallon Barrel	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.
Jul-2021	< 5% abv, \$4.65	otherwise, \$13.65	47% to GF; 33% to PBF; 20% to Substance Abuse Treatment Fund (SATF). 83% GF, 5% split hops growers and grapes growers (latter ends 2024), 12% SATF

Basis of Forecast:

The forecasts of General Fund revenue from this source for FY 2022 through FY 2026 are based on an assessment of recent collections and Idaho per capita personal income.

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	Actual	\$4,775	\$1	\$2,244	\$1,575	\$955
FY22	Projection	\$5,155	\$1	\$2,371	\$1,733	\$1,050
FY23	Projection	\$7,677	\$1	\$3,531	\$2,581	\$1,564
FY24	Projection	\$7,779	\$1	\$3,578	\$2,615	\$1,585
FY25	Projection	\$7,915	\$1	\$3,641	\$2,661	\$1,612
FY26	Projection	\$8,057	\$1	\$3,706	\$2,709	\$1,641

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WINE TAX

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

WINE TAX RATE AND DISTRIBUTION HISTORY

		Gross Collections	Distribution				
			Refunds	General Fund	Alcoholism Treatment Fund	Substance Abuse Treatment Fund	ID Grape Growers & Wine Producers Commission Fund
Year							
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	Actual	\$6,526	\$4	\$5,413	\$0	\$782	\$326
FY22	Projection	\$6,893	\$6	\$5,405	\$0	\$756	\$726
FY23	Projection	\$6,517	\$6	\$5,110	\$0	\$715	\$686
FY24	Projection	\$6,011	\$6	\$4,713	\$0	\$659	\$633
FY25	Projection	\$6,114	\$5	\$4,794	\$0	\$671	\$644
FY26	Projection	\$6,150	\$6	\$4,822	\$0	\$674	\$648

Basis of Forecast:

The forecasts of General Fund revenue from this source for FY 2022 through FY 2026 are based on Idaho per capita personal income.

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

Year		Gross Collections	Distribution				
			Refunds	General Fund	Alcoholism Treatment Fund	Substance Abuse Treatment Fund	ID Grape Growers & Wine Producers Commission Fund
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
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FY18	Actual	\$5,809	\$8	\$4,815	\$0	\$696	\$290
FY19	Actual	\$6,012	\$4	\$4,986	\$0	\$721	\$300
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FY24	Projection	\$6,011	\$6	\$4,713	\$0	\$659	\$633
FY25	Projection	\$6,114	\$5	\$4,794	\$0	\$671	\$644
FY26	Projection	\$6,150	\$6	\$4,822	\$0	\$674	\$648

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 recent collection history.

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	Actual	\$1,961	\$0	\$1,961
FY22	Projection	\$1,976	\$0	\$1,976
FY23	Projection	\$2,074	\$0	\$2,074
FY24	Projection	\$2,049	\$0	\$2,049
FY25	Projection	\$2,018	\$0	\$2,018
5y26	Projection	\$1,987	\$0	\$1,987

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 2022 through FY 2026 are based on a subjective assessment of recent collections history.

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

Year		Gross Collections	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	Actual	\$36	\$0	\$24	\$0	\$12
FY22	Projection	\$60	\$0	\$40	\$0	\$20
FY23	Projection	\$78	\$0	\$52	\$0	\$26
FY24	Projection	\$78	\$0	\$52	\$0	\$26
FY25	Projection	\$78	\$0	\$52	\$0	\$26
FY26	Projection	\$78	\$0	\$52	\$0	\$26

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. The value shown earlier for the FY 2021 summary of the General Fund is the value which results if the continuing monthly payments persist through June.

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

		Gross Dist.								
			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										
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	Actual	\$108,860	\$48,580	\$800	\$650	\$1,200	\$5,653	\$2,080	\$440	\$49,531
FY22	Projection	\$110,318	\$49,309	\$800	\$650	\$1,200	\$5,879	\$2,080	\$440	\$48,540
FY23	Projection	\$115,367	\$51,833	\$800	\$650	\$1,200	\$6,114	\$2,080	\$440	\$49,031
FY24	Projection	\$119,963	\$54,132	\$800	\$650	\$1,200	\$6,359	\$2,080	\$440	\$50,984
FY25	Projection	\$124,745	\$56,522	\$800	\$650	\$1,200	\$6,613	\$2,080	\$440	\$53,016
FY26	Projection	\$129,718	\$59,009	\$800	\$650	\$1,200	\$6,878	\$2,080	\$440	\$55,130

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 2022 through FY 2026 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 2022 through FY 2026 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 2022 through FY 2026 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 2022 through FY 2026 are based on a subjective assessment of recent collection history and expected transfers.

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

Year		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	Actual	\$1,929	\$6,979	\$85,518	\$0	\$16,095	\$6,030	\$95	\$0	\$19,381
FY22	Projection	\$10,645	\$6,975	\$79,114	\$0	\$15,000	\$6,249	\$174	\$110,000	\$18,875
FY23	Projection	\$2,468	\$6,757	\$78,133	\$0	\$15,000	\$6,538	\$206	\$110,000	\$8,661
FY24	Projection	\$3,711	\$6,633	\$78,133	\$0	\$15,000	\$6,542	\$206	\$110,000	\$9,136
FY25	Projection	\$4,960	\$6,536	\$78,133	\$0	\$15,000	\$6,542	\$206	\$110,000	\$9,639
FY26	Projection	\$6,215	\$6,458	\$78,133	\$0	\$15,000	\$6,542	\$206	\$110,000	\$10,109

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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 6.5% on corporate income. Individual income tax rates progress from a bottom rate of 1% to a top rate of 6.5%. 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	CY2023
1	Income Tax Expenditures (Calendar Year Basis)							
1.1	Uses of Income Not Taxed							
1.1.01	Investment Tax Credit	\$31,989	\$31,108	\$32,174	\$29,367	\$33,268	\$36,322	\$39,054
1.1.02	Other States Tax Credit	\$85,253	\$97,713	\$104,281	\$113,511	\$122,723	\$123,716	\$131,041
1.1.03	Elderly Dependent Credit	\$842	\$871	\$913	\$956	\$1,002	\$1,052	\$1,103
1.1.04	Youth and Rehabilitation Credit	\$10,045	\$10,155	\$10,838	\$11,797	\$12,754	\$12,857	\$13,619
1.1.05	Schools, Libraries, and Museums Credit	\$9,676	\$9,568	\$10,211	\$11,115	\$12,017	\$12,114	\$12,832
1.1.06	Grocery Credit	\$149,991	\$154,440	\$157,668	\$160,679	\$163,379	\$165,715	\$168,201
1.1.07	Recycling Equipment Credit	\$2	\$2	\$14	\$14	\$14	\$14	\$14
1.1.08	Technological Equipment Deduction	\$56	\$79	\$84	\$91	\$98	\$99	\$105
1.1.09	Long-Term Care Insurance Deduction	\$1,619	\$1,715	\$1,745	\$1,781	\$1,833	\$1,873	\$1,923
1.1.10	Alternative Energy Device Deduction	\$678	\$1,007	\$1,074	\$1,166	\$1,260	\$1,268	\$1,341
1.1.11	Energy Efficiency Upgrades Deduction	\$1,667	\$1,903	\$2,030	\$2,201	\$2,380	\$2,393	\$2,530
1.1.12	Workers' Compensation Premium Deduction	\$400	\$400	\$400	\$400	\$400	\$400	\$400
1.1.13	Child Care Deduction	\$4,624	\$4,587	\$4,646	\$4,681	\$4,731	\$4,758	\$4,786
1.1.14	College Savings Deduction	\$3,108	\$3,307	\$3,529	\$3,918	\$4,235	\$4,273	\$4,524
1.1.15	Health Insurance Deduction	\$22,933	\$26,093	\$27,409	\$25,578	\$28,246	\$30,157	\$31,827
1.1.16	Elderly and Developmental Disability Deduction	\$53	\$56	\$59	\$61	\$64	\$67	\$70
1.1.17	Adoption Expense Deduction	\$28	\$76	\$77	\$79	\$81	\$82	\$84
1.1.18	Medical Savings Account Deduction	\$1,447	\$1,497	\$1,598	\$1,732	\$1,684	\$1,885	\$1,992
1.1.19	Right Income Adjustment Credit	\$40	\$40	\$43	\$46	\$50	\$50	\$53
1.1.20	Riparian Land Improvements Credit	Sunset	Sunset	Sunset	Sunset	Sunset	Sunset	Sunset
1.1.21	Broadband Investment Credit	\$1,690	\$797	\$825	\$753	\$853	\$931	\$1,001
1.1.22	County Incentive Investment Tax Credit	\$0	Repealed	Repealed	Repealed	Repealed	Repealed	Repealed
1.1.23	Research Activity Credit	\$3,674	\$5,332	\$5,340	\$5,316	\$5,326	\$5,422	\$5,451
1.1.24	Promoter Sponsored Events Credit	\$2	\$2	\$2	\$2	\$2	\$2	\$2
1.1.25	Corporate Headquarters Investment Credit	Repealed	Repealed	Repealed	Repealed	Repealed	Repealed	Repealed
1.1.26	Corporate Headquarters Real Property Improvement Credit	Repealed	Repealed	Repealed	Repealed	Repealed	Repealed	Repealed
1.1.27	Corporate Headquarters New Jobs Credit	Repealed	Repealed	Repealed	Repealed	Repealed	Repealed	Repealed
1.1.28	Small Employer Capital Investment Credit	\$284	\$23	\$465	\$465	\$465	\$465	\$465
1.1.29	Small Employer Real Property Improvement Credit	\$310	\$452	\$186	\$186	\$186	\$186	\$186
1.1.30	Small Employer New Jobs Credit	\$5	\$0	\$38	\$38	\$40	\$40	\$40
1.1.31	Live Organ Donation Expenses Credit	\$56	\$45	\$38	\$38	\$38	\$38	\$38
1.1.32	Special Job Credit	Sunset	Sunset	Sunset	Sunset	Sunset	Sunset	Sunset
1.1.33	Reimbursement Incentive Credit	\$9,000	\$12,000	\$15,000	\$18,000	\$21,000	\$24,000	\$27,000
1.1.34	Certain Charitable Contributions Deduction	\$25	\$23	\$23	\$23	\$23	\$23	\$23
1.1.35	Child Income Tax Credit		\$61,300	\$62,594	\$63,918	\$65,414	\$66,854	\$68,265
1.1.36	Employer College Savings Credit		\$0	\$0	\$80	\$85	\$90	\$95
1.1.37	First-time Homebuyer Deduction		\$0	\$0	\$2,000	\$2,000	\$2,000	\$2,000

Idaho's Tax Structure

Fiscal Summary

\$ Thousands

		CY2017	CY2018	CY2019	CY2020	CY2021	CY2022	CY2023
1.2	Sources of Income Not Taxed							
1.2.01	Capital Gains Exclusion	\$27,063	\$34,898	\$37,242	\$40,490	\$43,773	\$44,107	\$46,694
1.2.02	Government Interest Exclusion	\$2,180	\$3,090	\$3,297	\$3,581	\$3,871	\$3,900	\$4,127
1.2.03	Social Security Exclusion	\$91,703	\$95,142	\$102,301	\$129,671	\$148,970	\$125,494	\$130,696
1.2.04	Railroad Retirement Exclusion							
1.2.05	Retirement Benefit Exclusion	\$9,076	\$8,869	\$9,535	\$12,063	\$13,850	\$11,642	\$12,116
1.2.06	Idaho Lottery Winnings Exclusion	\$5,339	\$6,509	\$6,639	\$6,772	\$6,907	\$7,046	\$7,186
1.2.07	Indian Earnings on Reservation Exclusion	\$408	\$413	\$468	\$509	\$589	\$651	\$700
1.2.08	World War II Reparations Exclusion	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1.2.09	Marriage Penalty Deduction	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1.2.10	Certain Loss Recoveries Deduction	\$250	\$250	\$250	\$250	\$250	\$250	\$250
1.2.11	Nonresident Guaranteed Partnership Income Exclusion	\$440	\$440	\$440	\$440	\$440	\$440	\$440
		FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
2	Sales Tax Expenditures (Fiscal Year Basis)							
2.1	Specific Uses Not Taxed							
2.1.01	Production Exemption - Equipment	\$116,517	\$123,975	\$116,197	\$122,446	\$133,624	\$146,345	\$155,675
2.1.02	Production Exemption - Supplies	\$88,204	\$93,849	\$87,961	\$92,692	\$101,154	\$110,784	\$117,846
2.1.03	Irrigation Equipment and Supplies	\$4,546	\$4,660	\$4,776	\$4,896	\$5,018	\$5,143	\$5,272
2.1.04	Pollution Control Equipment	\$13,604	\$14,226	\$14,675	\$12,456	\$13,086	\$13,747	\$14,460
2.1.05	Broadcast Equipment and Supplies	\$2,948	\$3,136	\$2,940	\$3,098	\$3,381	\$3,702	\$3,938
2.1.06	Publishing Equipment and Supplies	\$189	\$201	\$188	\$199	\$217	\$237	\$252
2.1.07	Commercial Aircraft	\$2,154	\$2,154	\$2,154	\$2,291	\$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	\$2,550
2.1.09	Interstate Trucks	\$8,454	\$8,447	\$8,275	\$10,812	\$11,075	\$11,453	\$11,262
2.1.10	Out-of-State Contracts	\$4,911	\$5,226	\$4,898	\$5,161	\$5,632	\$6,168	\$6,562
2.1.11	Trade-in Allowance	\$36,090	\$36,060	\$35,328	\$46,159	\$47,283	\$48,896	\$48,078
2.1.12	Sale or Lease of Businesses or Business Assets	\$2,331	\$2,480	\$2,324	\$2,449	\$2,673	\$2,927	\$3,114
2.1.13	SNAP/WIC	\$12,771	\$12,306	\$13,238	\$14,378	\$15,362	\$15,481	\$15,945
2.1.14	Vehicles and Vessels Sold to Nonresidents	\$20,351	\$20,334	\$19,921	\$26,028	\$26,662	\$27,572	\$27,111
2.1.15	Common Carrier Purchases and Out-of-State Sales	NA	NA	NA	NA	NA	NA	NA
2.1.16	Donations of Real Property to Idaho Government	\$4	\$4	\$4	\$4	\$4	\$4	\$4
2.1.17	Incidental Sales of Tangible Personal Property	\$12	\$12	\$12	\$12	\$12	\$12	\$12
2.1.18	Lodging, Eating, and Drinking Places	\$94	\$97	\$99	\$107	\$118	\$118	\$121
2.1.19	School Lunches and Senior Citizen Meals	\$4,979	\$4,824	\$5,063	\$5,373	\$5,764	\$6,005	\$6,261
2.1.20	Drivers Education Automobiles	\$38	\$38	\$38	\$40	\$45	\$45	\$43
2.1.21	Ski Lifts and Snowgrooming Equipment	\$600	\$600	\$600	\$600	\$600	\$600	\$600
2.1.22	Clean Rooms	\$480	\$480	\$480	\$480	\$480	\$480	\$480
2.1.23	Alternative Electricity-Producing Equipment	Sunset	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	\$7,200
2.1.25	Corporate Headquarters Construction	Repealed	Repealed	Repealed	Repealed	Repealed	Repealed	Repealed
2.1.26	Small Employer Headquarters Construction	\$115	\$115	\$115	\$115	\$115	\$115	\$115
2.1.27	Glider Kit Vehicles	\$371	\$371	\$363	\$475	\$486	\$503	\$495
2.1.28	Media Production Projects	Sunset	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	\$3,059
2.1.30	Motor Vehicles of Nonresident Students	\$25	\$25	\$25	\$27	\$31	\$30	\$29
2.1.31	Personal Property of Military Personnel	NA	NA	NA	NA	NA	NA	NA
2.1.32	Beverage and Food Samples	\$17	\$17	\$19	\$20	\$22	\$22	\$23
2.1.33	Beverage and Food Donations	\$10	\$10	\$10	\$10	\$10	\$10	\$10
2.1.34	Prepared Beverage and Food Given to Employees	\$159	\$160	\$163	\$168	\$175	\$177	\$180
2.1.35	Information Technology Equipment	\$0	\$0	\$0	\$3,006	\$6,012	\$18,037	\$18,037

Idaho's Tax Structure

Fiscal Summary

\$ Thousands

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
2 Sales Tax Expenditures (Fiscal Year Basis)							
2.1 Specific Uses Not Taxed							
2.1.01 Production Exemption - Equipment	\$116,517	\$123,975	\$116,197	\$122,446	\$133,624	\$146,345	\$155,675
2.1.02 Production Exemption - Supplies	\$88,204	\$93,849	\$87,961	\$92,692	\$101,154	\$110,784	\$117,846
2.1.03 Irrigation Equipment and Supplies	\$4,546	\$4,660	\$4,776	\$4,896	\$5,018	\$5,143	\$5,272
2.1.04 Pollution Control Equipment	\$13,604	\$14,226	\$14,675	\$12,456	\$13,086	\$13,747	\$14,460
2.1.05 Broadcast Equipment and Supplies	\$2,948	\$3,136	\$2,940	\$3,098	\$3,381	\$3,702	\$3,938
2.1.06 Publishing Equipment and Supplies	\$189	\$201	\$188	\$199	\$217	\$237	\$252
2.1.07 Commercial Aircraft	\$2,154	\$2,154	\$2,154	\$2,291	\$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	\$2,550
2.1.09 Interstate Trucks	\$8,454	\$8,447	\$8,275	\$10,812	\$11,075	\$11,453	\$11,262
2.1.10 Out-of-State Contracts	\$4,911	\$5,226	\$4,898	\$5,161	\$5,632	\$6,168	\$6,562
2.1.11 Trade-in Allowance	\$36,090	\$36,060	\$35,328	\$46,159	\$47,283	\$48,896	\$48,078
2.1.12 Sale or Lease of Businesses or Business Assets	\$2,331	\$2,480	\$2,324	\$2,449	\$2,673	\$2,927	\$3,114
2.1.13 SNAP/WIC	\$12,771	\$12,306	\$13,238	\$14,378	\$15,362	\$15,481	\$15,945
2.1.14 Vehicles and Vessels Sold to Nonresidents	\$20,351	\$20,334	\$19,921	\$26,028	\$26,662	\$27,572	\$27,111
2.1.15 Common Carrier Purchases and Out-of-State Sales	NA	NA	NA	NA	NA	NA	NA
2.1.16 Donations of Real Property to Idaho Government	\$4	\$4	\$4	\$4	\$4	\$4	\$4
2.1.17 Incidental Sales of Tangible Personal Property	\$12	\$12	\$12	\$12	\$12	\$12	\$12
2.1.18 Lodging, Eating, and Drinking Places	\$94	\$97	\$99	\$107	\$118	\$118	\$121
2.1.19 School Lunches and Senior Citizen Meals	\$4,979	\$4,824	\$5,063	\$5,373	\$5,764	\$6,005	\$6,261
2.1.20 Drivers Education Automobiles	\$38	\$38	\$38	\$40	\$45	\$45	\$43
2.1.21 Ski Lifts and Snowgrooming Equipment	\$600	\$600	\$600	\$600	\$600	\$600	\$600
2.1.22 Clean Rooms	\$480	\$480	\$480	\$480	\$480	\$480	\$480
2.1.23 Alternative Electricity-Producing Equipment	Sunset	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	\$7,200
2.1.25 Corporate Headquarters Construction	Repealed	Repealed	Repealed	Repealed	Repealed	Repealed	Repealed
2.1.26 Small Employer Headquarters Construction	\$115	\$115	\$115	\$115	\$115	\$115	\$115
2.1.27 Glider Kit Vehicles	\$371	\$371	\$363	\$475	\$486	\$503	\$495
2.1.28 Media Production Projects	Sunset	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	\$3,059
2.1.30 Motor Vehicles of Nonresident Students	\$25	\$25	\$25	\$27	\$31	\$30	\$29
2.1.31 Personal Property of Military Personnel	NA	NA	NA	NA	NA	NA	NA
2.1.32 Beverage and Food Samples	\$17	\$17	\$19	\$20	\$22	\$22	\$23
2.1.33 Beverage and Food Donations	\$10	\$10	\$10	\$10	\$10	\$10	\$10
2.1.34 Prepared Beverage and Food Given to Employees	\$159	\$160	\$163	\$168	\$175	\$177	\$180
2.1.35 Information Technology Equipment	\$0	\$0	\$0	\$3,006	\$6,012	\$18,037	\$18,037
2.2 Goods Not Taxed							
2.2.01 Motor Fuels	\$159,911	\$165,918	\$138,767	\$136,614	\$187,357	\$175,882	\$167,850
2.2.02 Heating Materials	\$4,422	\$4,528	\$4,113	\$4,245	\$4,971	\$4,786	\$4,611
2.2.03 Utility Sales	\$111,473	\$114,817	\$118,262	\$121,809	\$125,464	\$129,228	\$133,104
2.2.04 Used Manufactured Homes	\$2,760	\$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	\$0
2.2.06 Prescriptions and Durable Medical Equipment	\$65,718	\$69,166	\$73,485	\$76,643	\$82,561	\$87,068	\$93,071
2.2.07 Funeral Caskets	\$1,672	\$1,722	\$1,774	\$1,827	\$1,882	\$1,938	\$1,996
2.2.08 Containers	\$44	\$45	\$46	\$50	\$55	\$55	\$56
2.2.09 Nonprofit Literature	\$146	\$149	\$152	\$156	\$159	\$163	\$166
2.2.10 Official Documents	\$72	\$79	\$81	\$82	\$84	\$86	\$88
2.2.11 Precious Metal Bullion	\$558	\$558	\$558	\$558	\$558	\$558	\$558
2.2.12 Idaho Commemorative Silver Medallions	\$2	\$2	\$2	\$2	\$2	\$2	\$2
2.2.13 New Manufactured Homes or Modular Buildings	\$2,652	\$2,746	\$2,874	\$3,032	\$3,181	\$3,306	\$3,452
2.2.14 Telecommunications Equipment	\$3,019	\$3,321	\$3,653	\$4,019	\$4,421	\$4,863	\$5,349
2.2.15 Personal Property Tax on Rentals	\$400	\$400	\$400	\$400	\$400	\$400	\$400
2.2.16 Remotely-Accessed Computer Software	\$8,756	\$9,027	\$9,159	\$11,495	\$12,199	\$12,016	\$11,845

Idaho's Tax Structure

Fiscal Summary

\$ Thousands

		FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
2.3	Services Not Taxed							
2.3.01	Construction	\$182,435	\$206,826	\$227,522	\$261,883	\$294,858	\$327,397	\$352,208
2.3.02	Agricultural and Industrial Services	\$5,616	\$5,743	\$5,901	\$6,088	\$6,266	\$6,424	\$6,601
2.3.03	Transportation Services	\$56,490	\$58,952	\$54,393	\$45,265	\$59,050	\$64,935	\$70,045
2.3.04	Information Services	\$92,772	\$94,598	\$96,637	\$98,782	\$100,989	\$103,226	\$105,230
2.3.05	Repairs	\$63,569	\$66,658	\$66,074	\$66,495	\$73,600	\$78,893	\$83,814
2.3.06	Professional Services	\$258,301	\$270,855	\$268,480	\$270,190	\$299,061	\$320,570	\$340,566
2.3.07	Business Services	\$156,136	\$163,725	\$162,289	\$163,322	\$180,775	\$193,776	\$205,863
2.3.08	Personal Services	\$13,235	\$13,878	\$13,756	\$13,844	\$15,323	\$16,425	\$17,450
2.3.09	Health and Medical Services	\$564,455	\$591,560	\$579,078	\$606,027	\$653,184	\$693,182	\$735,165
2.3.10	Social Services	\$92,491	\$96,932	\$94,887	\$99,303	\$107,030	\$113,584	\$120,463
2.3.11	Educational Services	\$59,567	\$62,463	\$61,915	\$62,309	\$68,967	\$73,927	\$78,539
2.3.12	Lottery Tickets and Pari-Mutuel Betting	\$16,045	\$16,045	\$16,045	\$16,045	\$16,045	\$16,045	\$16,045
2.3.13	Media Measurement Services	\$79	\$81	\$84	\$86	\$89	\$91	\$94
2.3.14	Miscellaneous Services	\$4,476	\$4,688	\$5,667	\$5,767	\$6,313	\$6,724	\$7,119
2.3.15	Nonprofit Shooting Range Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.3.16	Gratuities for Meals	\$237	\$243	\$261	\$284	\$303	\$305	\$315
2.3.17	Dealer Labor for New Vehicle Accessories			\$1,000	\$1,050	\$1,103	\$1,158	\$1,216
2.3.18	Custom Meat Processing				\$457	\$457	\$457	\$457
2.4	Specific Entities Not Taxed							
2.4.01	Educational Institution Purchases	\$9,624	\$10,202	\$9,552	\$10,130	\$12,483	\$13,135	\$13,645
2.4.02	Hospital Purchases	\$31,768	\$33,303	\$32,600	\$34,117	\$36,772	\$39,024	\$41,388
2.4.03	Health Entity Purchases	\$299	\$313	\$307	\$321	\$346	\$367	\$390
2.4.04	Canal Company Purchases	\$1,097	\$1,117	\$1,131	\$1,154	\$1,202	\$1,227	\$1,251
2.4.05	Forest Protective Association Purchases	\$48	\$49	\$50	\$51	\$53	\$54	\$55
2.4.06	Food Bank Purchases	\$365	\$381	\$381	\$400	\$439	\$459	\$481
2.4.07	Nonsale Clothier Purchases	\$1	\$1	\$1	\$1	\$1	\$1	\$1
2.4.08	Centers for Independent Living	\$7	\$7	\$7	\$7	\$7	\$8	\$8
2.4.09	State of Idaho and Local Government Purchases	\$32,632	\$34,193	\$34,125	\$38,745	\$48,586	\$49,915	\$51,579
2.4.10	Ronald McDonald House Rooms	\$1	\$1	\$2	\$4	\$4	\$4	\$4
2.4.11	INL Research and Development Purchases	\$6,218	\$6,592	\$6,357	\$6,434	\$6,891	\$7,417	\$7,887
2.4.12	Motor Vehicle Purchases by Family Members	\$2,365	\$2,363	\$2,315	\$3,025	\$3,099	\$3,205	\$3,151
2.4.13	Sales by 4-H and FFA Clubs at Fairs	\$28	\$28	\$28	\$28	\$28	\$28	\$28
2.4.14	Sales by Non-Retailers (Yard and Occasional Sales)	\$4,191	\$4,373	\$4,371	\$4,589	\$5,042	\$5,274	\$5,519
2.4.15	Sales by Indian Tribes on Reservations	\$6,023	\$6,220	\$6,340	\$6,889	\$7,555	\$7,570	\$7,783
2.4.16	Sales of Meals by Churches to Members	\$15	\$15	\$16	\$18	\$19	\$19	\$20
2.4.17	Sales by Outfitters and Guides	\$16	\$16	\$16	\$16	\$16	\$16	\$16
2.4.18	Sales Through Vending Machines	\$2,854	\$2,923	\$3,144	\$3,415	\$3,649	\$3,677	\$3,787
2.4.19	Auto Manufacturer Rebates	\$780	\$780	\$764	\$998	\$1,022	\$1,057	\$1,040
2.4.20	Incidental Sales by Churches	\$1,050	\$1,095	\$1,095	\$1,149	\$1,263	\$1,321	\$1,382
2.4.21	Federal Excise Tax Imposed at Retail Level	NA	NA	NA	NA	NA	NA	NA
2.4.22	Federal Constitutional Prohibitions	NA	NA	NA	NA	NA	NA	NA
2.4.23	Other Federal and State Statutory Prohibitions	NA	NA	NA	NA	NA	NA	NA
2.4.24	Volunteer Fire Departments and Emergency Medical Service Age	\$236	\$246	\$246	\$258	\$284	\$297	\$311
2.4.25	Senior Citizens Centers	\$56	\$59	\$59	\$62	\$68	\$71	\$74
2.4.26	Blind Services Foundation, Inc.	\$10	\$10	\$10	\$11	\$12	\$12	\$13
2.4.27	Advocates for Survivors of Domestic Violence and Sexual Assault	\$12	\$13	\$13	\$13	\$14	\$15	\$16
2.4.28	Free Dental Clinics	\$14	\$14	\$14	\$15	\$16	\$17	\$18
2.4.29	Museums	\$257	\$268	\$268	\$281	\$309	\$323	\$338

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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1.1.31	Live Organ Donation Expenses Credit	63-3029K
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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