

General Fund Revenue Book

- Economic Forecast
- Revenue Projections
- Tax Structure

Fiscal Year 2017

July 1, 2016 - June 30, 2017



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

C.L. "Butch" Otter, Governor

This page left blank intentionally.

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

General Fund Revenue Book

**FY 2017 Executive Budget
January 2016**

- Economic Forecast
- Revenue Projections
- Tax Structure

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

Costs associated with this publication are available from
the Idaho Division of Financial Management
in accordance with Section 60-202, *Idaho Code*.
01-2016/58505/010200-180-4001

This page left blank intentionally.

TABLE OF CONTENTS

| | |
|---|-----|
| Introduction | 1 |
| Section 1 - Economic Forecast..... | 3 |
| Executive Summary | 5 |
| National Forecast Description | 8 |
| Idaho Forecast Description | 15 |
| Alternative Forecasts..... | 22 |
| Section 2 - Revenue Projections | 25 |
| Description of Individual Revenue Sources | 25 |
| General Fund Revenue Summary | 26 |
| Individual Income Tax..... | 29 |
| Corporate Income Tax | 32 |
| Sales Tax | 35 |
| Cigarette Tax | 38 |
| Tobacco Tax..... | 42 |
| Beer Tax | 44 |
| Wine Tax | 46 |
| Kilowatt-Hour Tax..... | 48 |
| Mine License Tax..... | 50 |
| Liquor Fund..... | 52 |
| Interest Earnings..... | 54 |
| Court Fees and Fines..... | 54 |
| Insurance Premium Tax..... | 55 |
| Alcoholic Beverage Licenses | 55 |
| Unclaimed Property | 56 |
| UCC Filings..... | 56 |
| Other Departments and Transfers..... | 57 |
| Estate and Transfer Tax | 57 |
| Miscellaneous Revenues..... | 58 |
| Section 3 - Tax Structure | 59 |
| Introduction | 61 |
| Individual and Corporate Income Tax | 63 |
| Sales and Use Tax..... | 65 |
| Fiscal Summary Table | 68 |
| Tax Structure Detail | 71 |
| Individual and Corporate Income Tax | 71 |
| Sales and Use Tax | 83 |
| Cross Reference Table | 100 |
| In <i>General Fund Revenue Book Order</i> | 100 |
| In <i>Idaho Code Order</i> | 104 |

This page left blank intentionally.

INTRODUCTION

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

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

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

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

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

This page left blank intentionally.

Idaho Economic Forecast

The following tables and text are taken from the

January 2016 *Idaho Economic Forecast*,

a publication produced by the

Idaho Division of Financial Management.

This page left blank intentionally.

EXECUTIVE SUMMARY

Economic conditions in the US in the third quarter of 2015 were fairly accommodative to consumers. The housing market improved some over the previous quarter, with an uptick in both new housing starts and existing home sales. Recently published data show 2015 US household formations were nearly a half million higher than previously estimated. Because formations are a strong driver of demand for new housing starts, the new data boosted estimates for third quarter US housing starts to just over a 1.16 million units per year pace, which is the strongest pace since the beginning of the Great Recession. Thanks to the combination of the recent growth in the housing market, as well as subdued consumer price growth, and improvements in the job market, consumers have found renewed optimism in the US economy that has translated into spending. Spending on durables increased at a 6.7% pace in the third quarter, while consumers accelerated spending on nondurables at a 3.5% rate and services at a 2.6% rate. Total real US consumption grew at an annualized pace of 3.2% in the third quarter. The low price of petroleum products has also helped to spark some additional consumer spending, as reduced energy costs has left more money in the pockets of consumers. While the lower price of petroleum products has been a relief to the US consumer, it is to blame for some of the recent weakness in US business investment. Most notably, US business spending on industrial equipment declined at an annualized rate of 4.7% in the third quarter as businesses cut spending on mining and oilfield machinery. Spending on mining and petroleum structures also contracted in the third quarter of 2015, which is the third quarter in a row. With nearly 70% of US GDP coming from consumption, spending by consumers is the main driver of growth in the US economy. Consumer spending is forecast to grow 3.2% in both 2015 and 2016, 3.1% in 2017, and 2.8% in both 2018 and 2019. Real GDP in the US is anticipated to increase 2.4% in 2015, 2.9% in 2016, 2.8% in 2017, 2.7% in 2018, and 2.6% in 2019.

Because Idaho's economy tends to follow a similar trajectory as the national economy, many of the economic indicators for the state are closely tracking their national counterparts. Employment in Idaho was slow to recover following the recession, but total nonfarm payrolls seem to be back in a more sustainable growth pattern. Although nonfarm payrolls have recovered in Idaho, the composition of Idaho employees is slightly different now than it was before the recession. The number of employees in goods-producing industries is still 21,000 below the prerecession peak, while there are more than 38,000 jobs in nongoods-producing industries than in 2007. This modest restructuring of the composition of Idaho workers doesn't appear to be reversing, which indicates that it could be a permanent shift. As employment has bounced back in the state, the average annual wage has shown more robust growth over the last couple of years, too. The higher level of annual wage growth is likely an indicator that some of the slack that has been in the labor market since the recession is finally tightening and employers are beginning to compete for employees again. Average annual wage growth may have been higher in 2015 if not for a recent fall off in farm proprietor income in Idaho. Closely tied to agricultural commodity prices, farm proprietors' incomes in Idaho were at record highs in 2013 and 2014, but retreated in 2015 as commodity prices declined. Another economic indicator that is showing a renewed strength is Idaho housing starts. Housing starts in the state grew by 8.3% in 2014 and by an estimated 6.1% in 2015. The outlook for new housing starts begins to increase again in 2016, where it will stay through 2017. After which it will decrease to a growth trend that will be more sustainable over the long-run. Specifically, Idaho housing starts growth is anticipated to be 10.8% in 2016, 9.7% in 2017, and 1.7% in both 2018 and 2019. As many other variables rise in the state, income categories should follow suit. Idaho real personal income is forecast to have grown 3.3% in 2015, followed by 3.3% in 2016, 2.9% in 2017, 3.4% in 2018, and 3.3% in 2019.

IDAHO ECONOMIC FORECAST

EXECUTIVE SUMMARY

JANUARY 2016

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| U.S. GDP (BILLIONS) | | | | | | | | | | | |
| Current \$ | 14,419 | 14,964 | 15,518 | 16,155 | 16,663 | 17,348 | 17,955 | 18,806 | 19,743 | 20,675 | 21,620 |
| % Ch | -2.0% | 3.8% | 3.7% | 4.1% | 3.1% | 4.1% | 3.5% | 4.7% | 5.0% | 4.7% | 4.6% |
| 2009 Chain-Weighted | 14,419 | 14,784 | 15,021 | 15,355 | 15,583 | 15,962 | 16,349 | 16,816 | 17,292 | 17,754 | 18,209 |
| % Ch | -2.8% | 2.5% | 1.6% | 2.2% | 1.5% | 2.4% | 2.4% | 2.9% | 2.8% | 2.7% | 2.6% |
| PERSONAL INCOME - CURR \$ | | | | | | | | | | | |
| Idaho (Millions) | 48,797 | 50,340 | 53,127 | 55,599 | 57,484 | 60,041 | 62,183 | 65,021 | 68,329 | 72,075 | 75,908 |
| % Ch | -3.2% | 3.2% | 5.5% | 4.7% | 3.4% | 4.4% | 3.6% | 4.6% | 5.1% | 5.5% | 5.3% |
| Idaho Nonfarm (Millions) | 47,715 | 48,858 | 51,019 | 53,497 | 55,075 | 57,510 | 60,349 | 63,300 | 66,688 | 70,405 | 74,194 |
| % Ch | -2.0% | 2.4% | 4.4% | 4.9% | 2.9% | 4.4% | 4.9% | 4.9% | 5.4% | 5.6% | 5.4% |
| U.S. (Billions) | 12,095 | 12,477 | 13,255 | 13,915 | 14,068 | 14,694 | 15,310 | 15,996 | 16,851 | 17,742 | 18,639 |
| % Ch | -3.3% | 3.2% | 6.2% | 5.0% | 1.1% | 4.4% | 4.2% | 4.5% | 5.3% | 5.3% | 5.1% |
| PERSONAL INCOME - 2009 \$ | | | | | | | | | | | |
| Idaho (Millions) | 48,798 | 49,520 | 51,010 | 52,389 | 53,436 | 55,029 | 56,835 | 58,716 | 60,423 | 62,487 | 64,544 |
| % Ch | -3.1% | 1.5% | 3.0% | 2.7% | 2.0% | 3.0% | 3.3% | 3.3% | 2.9% | 3.4% | 3.3% |
| Idaho Nonfarm (Millions) | 47,717 | 48,063 | 48,986 | 50,408 | 51,197 | 52,709 | 55,159 | 57,162 | 58,972 | 61,039 | 63,086 |
| % Ch | -1.9% | 0.7% | 1.9% | 2.9% | 1.6% | 3.0% | 4.6% | 3.6% | 3.2% | 3.5% | 3.4% |
| U.S. (Billions) | 12,095 | 12,274 | 12,726 | 13,112 | 13,078 | 13,468 | 13,993 | 14,445 | 14,902 | 15,382 | 15,849 |
| % Ch | -3.2% | 1.5% | 3.7% | 3.0% | -0.3% | 3.0% | 3.9% | 3.2% | 3.2% | 3.2% | 3.0% |
| HOUSING STARTS | | | | | | | | | | | |
| Idaho | 5,728 | 5,188 | 4,563 | 7,129 | 9,054 | 9,807 | 10,400 | 11,528 | 12,644 | 12,859 | 13,073 |
| % Ch | -28.2% | -9.4% | -12.0% | 56.2% | 27.0% | 8.3% | 6.1% | 10.8% | 9.7% | 1.7% | 1.7% |
| U.S. (Millions) | 0.554 | 0.586 | 0.612 | 0.784 | 0.928 | 1.001 | 1.114 | 1.277 | 1.437 | 1.516 | 1.568 |
| % Ch | -38.4% | 5.7% | 4.5% | 28.1% | 18.4% | 7.8% | 11.4% | 14.6% | 12.5% | 5.5% | 3.4% |
| TOTAL NONFARM EMPLOYMENT | | | | | | | | | | | |
| Idaho | 610,009 | 603,698 | 610,754 | 622,282 | 638,103 | 655,240 | 673,562 | 689,008 | 704,579 | 721,315 | 737,242 |
| % Ch | -6.0% | -1.0% | 1.2% | 1.9% | 2.5% | 2.7% | 2.8% | 2.3% | 2.3% | 2.4% | 2.2% |
| U.S. (Thousands) | 131,220 | 130,269 | 131,843 | 134,098 | 136,394 | 139,023 | 141,898 | 144,120 | 146,092 | 147,939 | 149,545 |
| % Ch | -4.3% | -0.7% | 1.2% | 1.7% | 1.7% | 1.9% | 2.1% | 1.6% | 1.4% | 1.3% | 1.1% |
| SELECTED INTEREST RATES | | | | | | | | | | | |
| Federal Funds | 0.2% | 0.2% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.9% | 1.9% | 2.9% | 3.3% |
| Bank Prime | 3.3% | 3.3% | 3.3% | 3.3% | 3.3% | 3.3% | 3.3% | 3.9% | 4.9% | 5.9% | 6.3% |
| Existing Home Mortgage | 5.1% | 4.9% | 4.7% | 3.8% | 4.0% | 4.3% | 4.0% | 4.7% | 5.0% | 5.6% | 6.0% |
| INFLATION | | | | | | | | | | | |
| GDP Price Deflator | 0.8% | 1.2% | 2.1% | 1.8% | 1.6% | 1.6% | 1.0% | 1.8% | 2.1% | 2.0% | 2.0% |
| Personal Cons Deflator | -0.1% | 1.7% | 2.5% | 1.9% | 1.4% | 1.4% | 0.3% | 1.2% | 2.1% | 2.0% | 2.0% |
| Consumer Price Index | -0.3% | 1.6% | 3.1% | 2.1% | 1.5% | 1.6% | 0.0% | 1.4% | 2.7% | 2.4% | 2.4% |

**National Variables Forecast by IHS Economics
Forecast Begins the Third Quarter of 2015**

IDAHO ECONOMIC FORECAST

EXECUTIVE SUMMARY

JANUARY 2016

| | 2016 | | | | 2017 | | | | 2018 | | | |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| U.S. GDP (BILLIONS) | | | | | | | | | | | | |
| Current \$ | 18,451 | 18,684 | 18,925 | 19,166 | 19,396 | 19,642 | 19,867 | 20,069 | 20,322 | 20,560 | 20,797 | 21,020 |
| % Ch | 5.1% | 5.1% | 5.3% | 5.2% | 4.9% | 5.2% | 4.7% | 4.1% | 5.2% | 4.8% | 4.7% | 4.3% |
| 2009 Chain-Weighted | 16,629 | 16,753 | 16,880 | 17,003 | 17,126 | 17,247 | 17,351 | 17,445 | 17,577 | 17,699 | 17,817 | 17,923 |
| % Ch | 3.4% | 3.0% | 3.1% | 3.0% | 2.9% | 2.8% | 2.4% | 2.2% | 3.0% | 2.8% | 2.7% | 2.4% |
| PERSONAL INCOME - CURR \$ | | | | | | | | | | | | |
| Idaho (Millions) | 64,032 | 64,717 | 65,333 | 66,001 | 67,007 | 67,850 | 68,727 | 69,730 | 70,738 | 71,625 | 72,496 | 73,439 |
| % Ch | 4.5% | 4.3% | 3.9% | 4.2% | 6.2% | 5.1% | 5.3% | 6.0% | 5.9% | 5.1% | 5.0% | 5.3% |
| Idaho Nonfarm (Millions) | 62,205 | 62,943 | 63,663 | 64,389 | 65,350 | 66,248 | 67,122 | 68,033 | 69,057 | 69,962 | 70,843 | 71,756 |
| % Ch | 4.8% | 4.8% | 4.7% | 4.6% | 6.1% | 5.6% | 5.4% | 5.5% | 6.2% | 5.4% | 5.1% | 5.3% |
| U.S. (Billions) | 15,722 | 15,889 | 16,085 | 16,287 | 16,527 | 16,748 | 16,958 | 17,172 | 17,420 | 17,636 | 17,848 | 18,063 |
| % Ch | 4.5% | 4.3% | 5.0% | 5.1% | 6.0% | 5.5% | 5.1% | 5.1% | 5.9% | 5.0% | 4.9% | 4.9% |
| PERSONAL INCOME - 2009 \$ | | | | | | | | | | | | |
| Idaho (Millions) | 58,306 | 58,660 | 58,817 | 59,082 | 59,773 | 60,164 | 60,568 | 61,187 | 61,778 | 62,257 | 62,704 | 63,210 |
| % Ch | 4.1% | 2.5% | 1.1% | 1.8% | 4.8% | 2.6% | 2.7% | 4.2% | 3.9% | 3.1% | 2.9% | 3.3% |
| Idaho Nonfarm (Millions) | 56,642 | 57,053 | 57,314 | 57,639 | 58,295 | 58,743 | 59,153 | 59,698 | 60,309 | 60,812 | 61,275 | 61,762 |
| % Ch | 4.3% | 2.9% | 1.8% | 2.3% | 4.6% | 3.1% | 2.8% | 3.7% | 4.2% | 3.4% | 3.1% | 3.2% |
| U.S. (Billions) | 14,316 | 14,402 | 14,481 | 14,580 | 14,742 | 14,851 | 14,945 | 15,068 | 15,213 | 15,329 | 15,438 | 15,547 |
| % Ch | 4.1% | 2.4% | 2.2% | 2.8% | 4.5% | 3.0% | 2.5% | 3.3% | 3.9% | 3.1% | 2.9% | 2.9% |
| HOUSING STARTS | | | | | | | | | | | | |
| Idaho | 11,088 | 11,339 | 11,649 | 12,036 | 12,342 | 12,589 | 12,803 | 12,843 | 12,862 | 12,856 | 12,837 | 12,879 |
| % Ch | 11.9% | 9.4% | 11.4% | 14.0% | 10.6% | 8.3% | 7.0% | 1.3% | 0.6% | -0.2% | -0.6% | 1.3% |
| U.S. (Millions) | 1.204 | 1.252 | 1.304 | 1.349 | 1.392 | 1.431 | 1.450 | 1.475 | 1.506 | 1.504 | 1.522 | 1.532 |
| % Ch | 16.9% | 16.8% | 17.7% | 14.5% | 13.4% | 11.9% | 5.4% | 6.8% | 8.8% | -0.6% | 5.0% | 2.6% |
| TOTAL NONFARM EMPLOYMENT | | | | | | | | | | | | |
| Idaho | 682,988 | 687,133 | 691,154 | 694,758 | 698,692 | 702,537 | 706,405 | 710,682 | 715,078 | 719,430 | 723,351 | 727,401 |
| % Ch | 2.3% | 2.4% | 2.4% | 2.1% | 2.3% | 2.2% | 2.2% | 2.4% | 2.5% | 2.5% | 2.2% | 2.3% |
| U.S. (Thousands) | 143,306 | 143,882 | 144,383 | 144,909 | 145,420 | 145,844 | 146,325 | 146,778 | 147,275 | 147,738 | 148,180 | 148,564 |
| % Ch | 1.6% | 1.6% | 1.4% | 1.5% | 1.4% | 1.2% | 1.3% | 1.2% | 1.4% | 1.3% | 1.2% | 1.0% |
| SELECTED INTEREST RATES | | | | | | | | | | | | |
| Federal Funds | 0.5% | 0.8% | 1.0% | 1.3% | 1.5% | 1.8% | 2.0% | 2.3% | 2.5% | 2.8% | 3.0% | 3.3% |
| Bank Prime | 3.5% | 3.8% | 4.0% | 4.3% | 4.5% | 4.8% | 5.0% | 5.3% | 5.5% | 5.8% | 6.0% | 6.3% |
| Existing Home Mortgage | 4.5% | 4.6% | 4.8% | 4.9% | 4.9% | 5.0% | 5.1% | 5.1% | 5.3% | 5.4% | 5.8% | 6.0% |
| INFLATION | | | | | | | | | | | | |
| GDP Price Deflator | 1.7% | 2.1% | 2.1% | 2.2% | 1.9% | 2.3% | 2.2% | 1.9% | 2.0% | 1.9% | 2.0% | 1.9% |
| Personal Cons Deflator | 0.4% | 1.8% | 2.8% | 2.3% | 1.4% | 2.4% | 2.5% | 1.7% | 1.9% | 1.9% | 2.0% | 2.0% |
| Consumer Price Index | 0.3% | 2.3% | 3.9% | 3.0% | 1.6% | 3.1% | 3.3% | 2.0% | 2.3% | 2.2% | 2.4% | 2.4% |

**National Variables Forecast by IHS Economics
Forecast Begins the Third Quarter of 2015**

NATIONAL FORECAST DESCRIPTION

The Forecast Period is the Third Quarter of 2015 through the Fourth Quarter of 2019

Economic conditions in the US in the third quarter of 2015 were fairly accommodative to consumers. The housing market improved some over the previous quarter, with an uptick in both new housing starts and existing home sales. Thanks to the combination of the recent growth in the housing market, as well as subdued consumer price growth, and improvements in the job market, consumers have found renewed optimism in the US economy that has translated into spending. Consumers have also enjoyed the lower petroleum prices. However, the lower petroleum commodity prices have also led to decreases in spending in some business investment categories. Despite the drag from lower investment, strength elsewhere in the economy drove estimated annualized real GDP growth of 1.5% in the third quarter of 2015.

The US housing market has had a number of issues over the last year that has held it back in one way or another. Many homebuyers waited out cold winter weather earlier in 2015, which led to a deceleration in the first quarter. Housing starts and sales of existing homes rebounded some in the second quarter. With nearly all of the housing market indicators up in the third quarter it seems that the housing market is back on track for a slightly stronger expansion over the next few years. Recently published data show 2015 US household formations were nearly a half million higher than previously estimated. Because formations are a strong driver of demand for new housing starts, the new data boosted estimates for third quarter US housing starts to just over a 1.16 million units per year pace, which is the strongest pace since the beginning of the Great Recession.

The optimism in the US housing market seemed to permeate into consumer spending. Subdued consumer inflation and faster growth in personal income led to more disposable income for many Americans, which helped the majority of consumers to feel more optimistic about the current and future state of the US economy. Lower prices at the pump also gave many US families additional disposable income. Consumers spent much of their additional income on US goods and services. Spending on durables increased at a 6.7% pace in the third quarter, while consumers accelerated spending on nondurables at a 3.5% rate and services at a 2.6% rate. Total real US consumption grew at an annualized pace of 3.2% in the third quarter.

While the lower price of petroleum products has been a relief to the US consumer, it is to blame for some of the recent weakness in US business investment. Most notably, US business spending on industrial equipment declined at an annualized rate of 4.7% in the third quarter as businesses cut spending on mining and oilfield machinery. Spending on mining and petroleum structures also contracted in the third quarter of 2015, which is the third quarter in a row. While growth in the production of petroleum and natural gas in the US persisted through the first half of 2015, production levels decreased slightly in the last half of the year. This is anticipated to contribute further to the US trade balance deficit in 2015, though the marginal impact of the additional petroleum product imports will be nearly imperceptible.

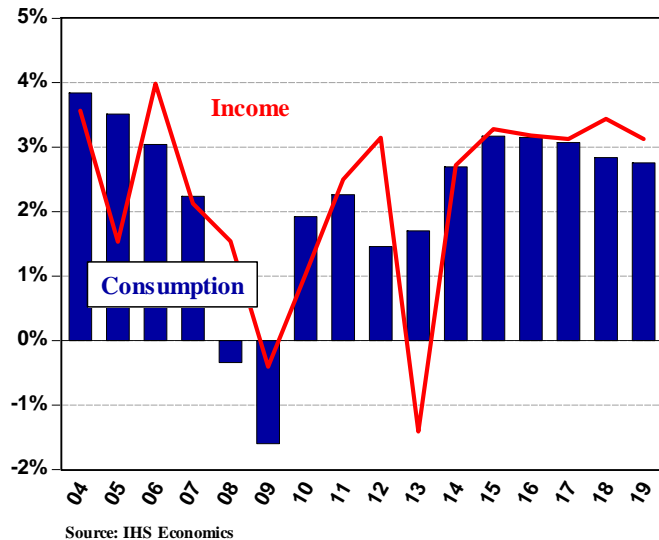
With nearly 70% of US GDP coming from consumption, spending by consumers is the main driver of growth in the US economy. Consumer spending is forecast to grow 3.2% in both 2015 and 2016, 3.1% in 2017, and 2.8% in both 2018 and 2019. Real GDP in the US is anticipated to increase 2.4% in 2015, 2.9% in 2016, 2.8% in 2017, 2.7% in 2018, and 2.6% in 2019.

SELECTED NATIONAL ECONOMIC INDICATORS

Consumer Spending: Consumers' comfort level about the current economy, and their expectations for the future of the economy, diminished slightly in the second and third quarters of 2015. This lower consumer sentiment is largely due to uncertainty about a number of international economies. In spite of this decrease in consumer sentiment, consumption was relatively strong in the second and third quarters of 2015, growing at annualized rates of at least 3.2% in both quarters. It appears that the trend of declining consumer sentiment may be reversing now, as well. The University of Michigan's Consumer Sentiment Index increased by 3.2% in October. Both of the components of the index, sentiment about current economic conditions and consumer expectations, made gains in October. The greatest gains in consumer sentiment came

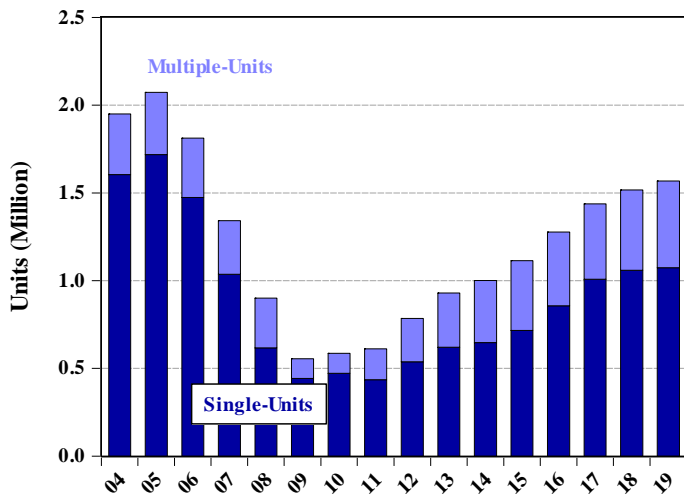
from the consumer expectations portion of the survey, which grew by 5.0% in October. The optimism about the future of the economy was much stronger in the lower income households that were surveyed. In fact, only the top third income households that were surveyed had a slight decline in sentiment, due to concerns about international financial turmoil. Most households felt that relatively low energy prices, modest consumer inflation, and increasing household wealth were cause for higher sentiment about the future of the US economy. Many US consumers showed confidence in the US economy in the third quarter, when all three of the major spending categories grew. Spending on durable products grew at an annualized rate of 6.7% in that quarter, while spending on nondurable products increased at a 3.5% pace, and spending on services grew at a 2.6% rate. Total consumer spending grew at an average annual rate of 3.2% in the third quarter and is anticipated to grow at a 3.1% pace in the fourth quarter. This modest slowdown in the fourth quarter is mostly a result of spending on durable goods easing back down to an expected growth rate of 4.0%, which is still relatively strong considering it is following the second and third quarters with annualized growth of 8.0% and 6.7%, respectively. Total consumer spending is forecast to be 3.2% higher in 2015 than in 2014. Total consumption is expected to expand by 3.2% again in 2016, followed by 3.1% in 2017, and 2.8% in both 2018 and 2019.

US Real Consumption and Disposable Personal Income Growth



Housing: The US housing sector gained some additional strength in the third quarter as sales of existing homes accelerated and new home starts received a boost from an upward revision in housing formations. New data from the Census Bureau's Current Population Survey Annual Social and Economic Supplement showed stronger housing formations in 2015 than was previously expected. Housing formations occur as existing households split and form new households. The previous *Idaho Economic Forecast* estimated that roughly 800,000 new households formed in 2015, while the new outlook indicated that the number is likely closer to 1.3 million. Housing formations are important because they are one of the key drivers of new housing starts. This is apparent in the third quarter of 2015, when new housing starts grew to a seasonally adjusted annualized pace of 1.163 million units per year, up from a pace of 1.158 million units per year in the second quarter. Third quarter 2015 housing starts' growth was the strongest in nearly eight years, since the fourth quarter of 2007. The growth in sales of existing homes in the US also accelerated in the third quarter, advancing to a rate of 5.5 million units per year,

US Housing Starts



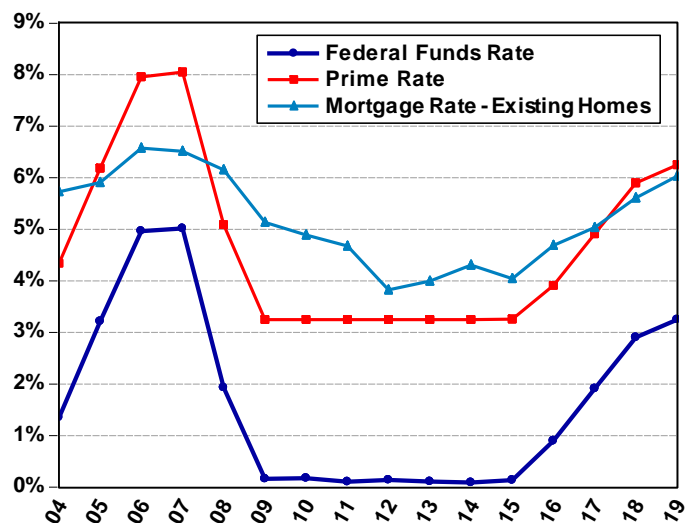
Source: IHS Global Insight

2015 is only 0.3% below the second quarter of 2007, which was the peak before the collapse in the US housing market began to erode home values. While this relatively fast growth in the home values is to be expected for a few years following the deep housing market decline that the US experienced from 2007–2011, the trend of purchase price growth exceeding 5.5% per year is expected to wind down to a more sustainable pace. Home purchase price growth is forecast to slow to 1.6% in 2016, and then to ease back up to 2.4% in 2017, 3.5% in 2018, and 3.1% in 2019. Sales of existing homes are expected to grow from 4.9 million units in 2014 to 5.3 million units in 2015. Following 2015, sales of existing homes are anticipated to grow to a level of 5.5 million units in 2016, and are forecast to remain at that level through the forecast period. New housing starts are expected to be 1.1 million units in 2015, 1.3 million units in 2016, 1.4 million units in 2017, 1.5 million units in 2018, and 1.6 million units in 2019.

Monetary Policy: There was a great deal of speculation about the possibility of a federal funds rate target increase leading up to the Federal Reserve’s Federal Open Market Committee (FOMC) meeting in December 2015. The federal funds rate is the rate at which depository institutions lend reserve balances to other depository institutions overnight and is used by the Federal Reserve as a tool to guide the short-term interest rates. Because the federal funds rate is set by the market, the Federal Reserve cannot set a specific rate for these transactions, but it has the ability to influence the rate close to their target through various monetary tools, such as buying and selling treasuries to depository institutions in order to vary the supply and demand for liquid money in those institutions. The global financial collapse that occurred in 2007 led the Federal Reserve to decrease the rate target ten times between September 2007 and December 2008 that left the target at a range of between 0.0% and 0.25%. Although

versus a 5.3 million units per year pace in the second quarter. As the demand for homes continues to grow, so do prices of homes. The Federal Housing Finance Agency’s (FHFA) Purchase Price Only Index, which is based on more than six million actual repeat transactions on the same, single-family dwellings, has grown at an average annual rate of 5.4% from 2011 through 2014. Estimated housing price growth for 2015 beat that average rate, with the purchase price for US homes growing by an anticipated 5.7%. In line with the estimation for the year, the purchase price of US homes grew by 5.7% from the fourth quarter of 2014 through the third quarter of 2015. Not adjusted for inflation, the FHFA Purchase Price Only Index value of 225.9 in the third quarter of

Selected US Interest Rates



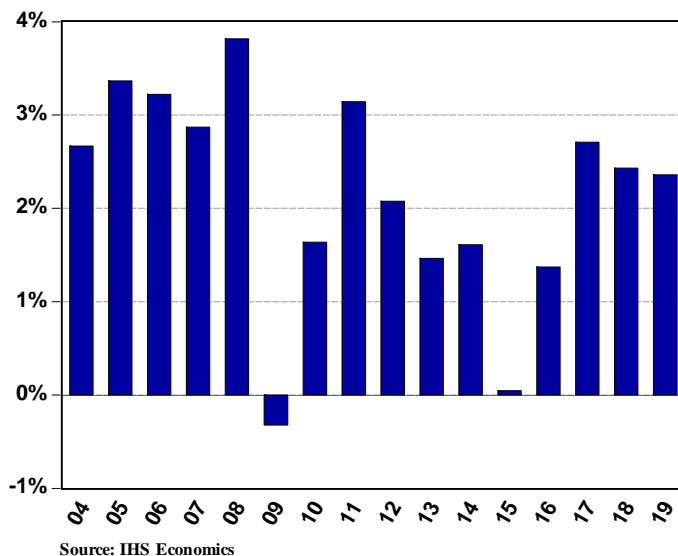
Source: IHS Economics

the economy has since improved, the FOMC did not even begin to consider lifting the rate target until after the last round of quantitative easing ended in November 2014. Since then the FOMC has weighed market conditions in each meeting to determine the appropriate time to raise the federal funds rate target without threatening the recovery. More recently, stronger consumer spending, an improved US housing market, modest price level growth, and a more stable labor market made the possibility of an increase to the rate target a real possibility for the first time since the last rate increase in June 2006. Shortly before the FOMC meeting in September, a number of international financial markets destabilized following news of a sharp decline in the value of China’s currency. This, along with some uninspiring US payroll and manufacturing data, highlighted some additional risks to the US economy. The FOMC did not change the federal funds rate target in September, with all but one member of the Committee voting to leave the rate target at the current level. The Committee met again in December 2015, following two months of strong jobs reports, and increased the rate target by a quarter-percentage point. A slow increase is anticipated moving forward. The federal funds rate is forecast to average 0.1% in 2015, 0.9% in 2016, 1.9% in 2017, 2.9% in 2018, and 3.3% in 2019.

Inflation: Prices for consumers and producers grew modestly in the third quarter of 2015, with energy prices offsetting slightly higher prices on items such as food. Consumer prices grew at an annualized rate of 1.6% in the third quarter, largely due to food costs that increased at a 2.6% pace. Consumer energy prices decreased at a 1.3% rate, curbing some of the price level growth in the third quarter. Core consumer inflation, which is equal to total inflation minus the more volatile food and energy components, grew at a rate of 1.7% in the third quarter. Producer prices, which can be an indicator of future consumer prices, grew at a 0.7% pace in the third quarter. Like consumer prices, producer prices were pushed lower by a decrease in energy prices. Energy prices that are paid by producers contracted at a 3.0% pace in the third quarter. One of the most influential price level indicators, employment costs, grew at a 2.6% clip in the third quarter. Employment costs are made up of two main categories: wages and salaries, and benefits. Wage and salary costs to employers increased at a 2.6% annual rate in the third quarter, while the cost of benefits increased at a 1.9% rate for US employers. Total employment costs are anticipated to advance steadily over the next year, growing by a forecasted 2.3% in 2016. Thereafter an anticipated increase to the cost of benefits is expected to lead to employment cost growth

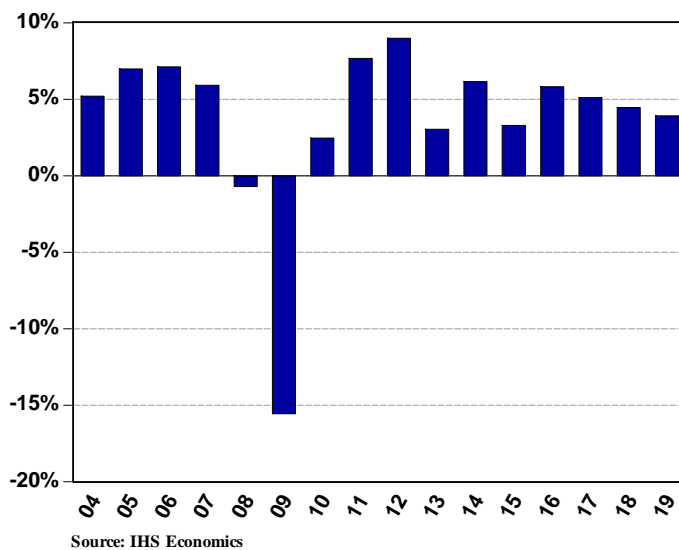
of 3.1% in 2017, 3.2% in 2018, and 3.3% in 2019. Industrial commodity prices are likely to continue to fall over the next several months, which is expected to lead to some downward pressure on producer inflation through the last part of 2015 and the first few months of 2016. Producer prices are forecast to post a 3.3% contraction for all of 2015, but are then anticipated to grow by 0.7% in 2016, 2.8% in 2017, 2.0% in 2018, and 2.1% in 2019. Similarly, low oil prices, a strong dollar, and a weak global economy are likely to lead to subdued consumer price level growth over the next several months. Consumer prices are forecast to be flat in 2015, and then grow by 1.4% in 2016, 2.7% in 2017, and 2.4% in both 2018 and 2019.

US Consumer Price Inflation



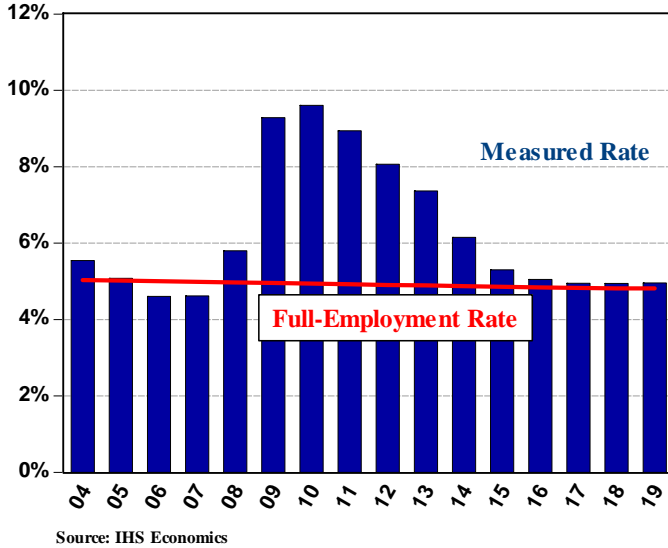
Business Investment: Real nonresidential fixed investment had been dogged for much of 2015 by a decrease in the price of many petroleum products. This decrease has had the largest impact on two of the major business investment categories: equipment and nonresidential structures. As the price of crude oil and many other associated petroleum products began to fall late in 2014, many of the oil drillers and processors began to slow their spending on new equipment. As the prices of those petroleum products have continued to decrease, investments in this type of equipment has also continued to decrease. In fact, October spending on mining and oilfield machinery had declined by 46.5% from a year earlier. In spite of the lower spending on this type of machinery, total business investment on equipment still grew at a rate of 5.3% in the third quarter of 2015 as a result of stronger spending in other equipment categories. Business spending on information processing equipment grew at an annualized pace of 17.1% in the third quarter and transportation equipment grew at a 13.3% rate. Unlike equipment, US business spending on other structures did not offset the spending decreases on oil-related structures. Investments in manufacturing structures expanded at a 31.2% pace in the third quarter. This was not enough to offset spending on mining and petroleum structures that contracted at an annual rate of 46.9% in the same quarter. Overall, business spending on nonresidential structures contracted at a 4.0% pace in the third quarter. One investment category that did expand was intellectual property products, but its 1.8% spending growth rate increase in the third quarter was the slowest in the last two years. Business spending on equipment is almost \$1.1 trillion per year, while business spending on intellectual property products is about \$700 billion per year, and spending on nonresidential structures is closer to \$500 billion per year. So, the impact of the combined growth in spending on equipment and intellectual property products was enough to make up for the lower spending on nonresidential structures in the third quarter. As such, real nonresidential fixed investment grew at a 2.1% clip in the third quarter of 2015, and is forecast to grow by 3.3% for all of 2015, followed by 5.8% in 2016, 5.1% in 2017, 4.4% in 2018, and 3.9% in 2019.

Real US Business Investment Growth



Employment: Total nonfarm payrolls in the US have been growing at a faster pace in every year since the effects of the Great Recession wore off in 2010, but that trend is expected to begin to reverse in 2016. Total nonfarm payrolls in the US contracted by 5.6% between 2007 and 2010 as the nation faced one of the deepest recessions since the Great Depression. Although the recession officially ended in 2009, payroll losses continued into 2010, contracting by 0.7% that year. Employment began to pick up again in 2011 when US nonfarm payrolls increased by 1.2%. This growth accelerated to 1.7% in 2012 and in 2013, and to 1.9% in 2014. Payrolls are expected to accelerate again in 2015, with year-over-year growth of 2.1% anticipated. United States' employment was relatively strong in the third quarter of 2015, with the most growth occurring in private nonfarm industries. Employment in professional, scientific, and technical services grew at an annualized rate of 3.6% in the third quarter, and employment in management of companies and enterprises grew at a 3.5% pace. Manufacturing employment was flat in the third quarter, following only modest growth in the second quarter. Government employment grew at a 1.5% rate in the third quarter, which is the fastest quarterly growth pace since the second quarter of 2010. The acceleration in government payrolls was completely due to a

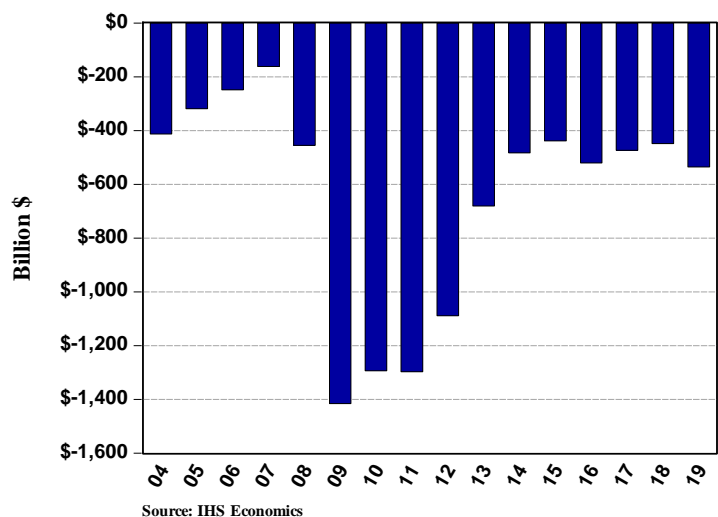
US Civilian Unemployment Rate



jump in state and local government employment. The annual growth rate in total US nonfarm payrolls following the recession of 2007–2009 is expected to have hit its apex of 2.1% in 2015. It is forecast to decelerate in each year thereafter. Payrolls are anticipated to increase by a slower rate of 1.6% in 2016, 1.4% in 2017, 1.3% in 2018, and 1.1% in 2019. While the outlook for US payroll growth is more modest over the next few years than it has been over the past few years, the deceleration is likely a return to a more sustainable, long-term growth trend. This job growth deceleration is consistent with an unemployment rate that is approaching the full-employment rate. The US unemployment rate is expected to have averaged 5.3% in 2015, and is forecast to average 5.1% in 2016, 5.0% in 2017, 4.9% in 2018, and 5.0% in 2019.

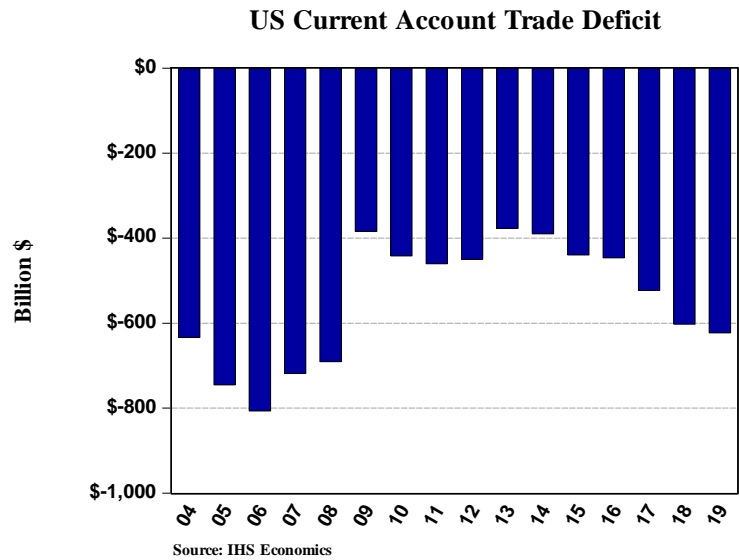
Government: A number of the oft repeated fiscal policy battles have been resolved for the next couple of years by a bipartisan budget agreement that was shepherded in by the outgoing speaker of the US House of Representatives late in 2015. The Bipartisan Budget Act of 2015 funded the federal government for two years and suspended the debt ceiling until March 2017. The new budget agreement also lifts the sequestration spending caps for FY 2016 and FY 2017, and increases budget authority by \$80 billion over two years, split evenly between defense spending and nondefense spending. In mid-December leaders on Capitol Hill signed an omnibus bill that appropriated the funds. Another issue that is frequently revisited in Washington is the funding of the Highway Trust Fund, which predominantly funds US road construction and mass transit projects. While the Highway Trust Fund is partially funded through federal fuel tax revenues, it typically receives some additional funding from the General Fund. With a downward trend in gasoline use in the US over the last few years, revenues from the federal gasoline tax were shrinking. A bill was introduced into the US House of Representatives early in December 2015 that authorized an additional \$281 billion to the Highway Trust Fund over the next five years. The “Fixing America’s Surface Transportation Act” passed the House and Senate on December 3, and was signed into law by President Obama on December 4. While this law was introduced after this forecast was compiled, IHS Economics assumed that the Highway Trust Fund would be extended in some fashion. IHS Economics also assumed that the federal budget appropriation agreements would be reached by December 11. Accounting for these assumptions, the forecast for the Unified Federal Budget deficit is

Unified Federal Budget Deficit



-\$439 billion in FY 2015, -\$521 billion in FY 2016, -\$474 billion in FY 2017, -\$449 billion in FY 2018, and -\$535 billion in FY 2019.

International: Weakness in a number of key global economies over the past year has led to a gradual appreciation in the value of the dollar against currencies of most of the major trade partners. The higher value of the dollar has been a weight on US exports, which is leading to an increase in the current US trade account balance deficit. In October 2015 the broadly based trade-weighted US dollar index had grown 7.5% since the start of the year. IHS Economics anticipates a continued swell in the exchange rate of the dollar through the first half of 2016 before the world economic climate begins to improve and currency growth in other key trade partners begin to catch up to the US dollar. While the value of the dollar is the main driver of major import and export fluctuations, other variables can have an impact, as well. For instance, the amount of money that is spent on importing petroleum products has been more volatile since the price of oil began to falter in 2014. As oil prices begin to rise again, there will likely be a slight widening of the trade deficit for petroleum products over the next few years until US production catches back up. The petroleum product price fluctuations will have some impact on net exports, although it will likely be imperceptible. Oil prices have been, and will continue to be, more impactful on a regional level than a national level. Another risk to US trade is the softer economic climate in countries, such as China. A series of poor economic reports from the Asian superpower led to a policy decision to deliberately partially devalue the Chinese currency. This is most likely to impact the US in the mining and heavy manufacturing categories, as the slowdown in China has left an overcapacity in basic materials and heavy machinery. The impact of the low petroleum prices and the slowdown in China will likely be more than offset by growth in US exports of services in the fourth quarter. This should lead to a slight decrease in the US current account deficit from -\$466 billion in the third quarter of 2015 to an anticipated -\$379 billion in the fourth quarter. The current account balance is expected to be -\$439 billion for all of 2015, -\$446 billion in 2016, -\$523 billion in 2017, -\$602 billion in 2018, and -\$623 billion in 2019.



IDAHO FORECAST DESCRIPTION

The Forecast Period is the Third Quarter of 2015 through the Fourth Quarter of 2019

The years since the end of the Great Recession in Idaho have been a mix of occasional periods of sluggish recovery followed by periods of stronger economic growth. Most economic indicators show that the state is settling into a more sustainable period of economic expansion. Employment in Idaho has grown in almost every quarter since early in 2010. Housing starts in Idaho grew at an accelerated rate in the third quarter of 2015, and the supply of labor seems to be approaching the demand for workers in many sectors of the state's economy. The unemployment rate in the state dropped to 3.9% in the fourth quarter of 2015. With some of the slack out of the labor market, wages and salaries should accelerate, helping fuel overall personal income growth. The combination of higher wages and an improved job market has contributed to higher housing starts in the state.

Idaho's job market was hit particularly hard during the Great Recession and in the year after it ended. Total nonfarm payrolls in the state declined by more than 50,000 between 2007 and 2010. Since then employment has increased every year, but it was not until the fourth quarter of 2014 that total nonfarm employment in the state surpassed its prerecession level of 558,000. Although nonfarm payrolls have recovered in Idaho, the composition of Idaho employees is slightly different now than it was before the recession. The number of employees in goods-producing industries is still 21,000 below the prerecession peak, while there are more than 38,000 jobs in nongoods-producing industries than in 2007. This modest restructuring of the composition of Idaho workers does not appear to be reversing, which indicates that it could be a permanent shift.

The growth in employment in Idaho has been asymmetrical since the recession. With more job seekers competing for fewer jobs, the average annual wage in Idaho grew less than 1.0% in 2008 and 2009. Wages grew modestly for a few years, thereafter, but remained near or below 2.0% year-over-year growth until 2014, when the Idaho average annual wage increased by 2.9%, followed by an estimated 2.1% in 2015. The higher level of annual wage growth is likely an indicator that some of the slack that has been in the labor market since the recession is finally tightening and employers are beginning to compete for employees again. Average annual wage growth may have been higher in 2015 if not for a recent fall off in farm proprietor income in Idaho. Closely tied to agricultural commodity prices, farm proprietors' incomes in Idaho were at record highs in 2013 and 2014, but retreated in 2015 as commodity prices declined.

When the US housing market began to show signs of life again in 2012, Idaho was among the states that saw a strong rebound that was short-lived. Idaho housing starts grew by 56.2% in 2012, but managed less than half of that in 2013, when starts grew by only 27.0%. Idaho housing starts grew by 8.3% in 2014, and by an estimated 6.1% in 2015. The sudden acceleration followed by an almost equally sudden deceleration was likely a rapid release in pent-up demand. Like the job market, Idaho's housing market is approaching the point where the demand for homes equalizes with the supply of new construction. The state appears to be close to that point, as the outlook for new housing starts begins to increase again in 2016, where it will stay through 2017. After which it will decrease to a growth trend that will be more sustainable over the long-run.

Specifically, Idaho housing starts growth is anticipated to be 10.8% in 2016, 9.7% in 2017, and 1.7% in both 2018 and 2019. As many other variables rise in the state, income categories should follow suit. Idaho real personal income is forecast to have grown 3.3% in 2015, followed by 3.3% in 2016, 2.9% in 2017, 3.4% in 2018, and 3.3% in 2019.

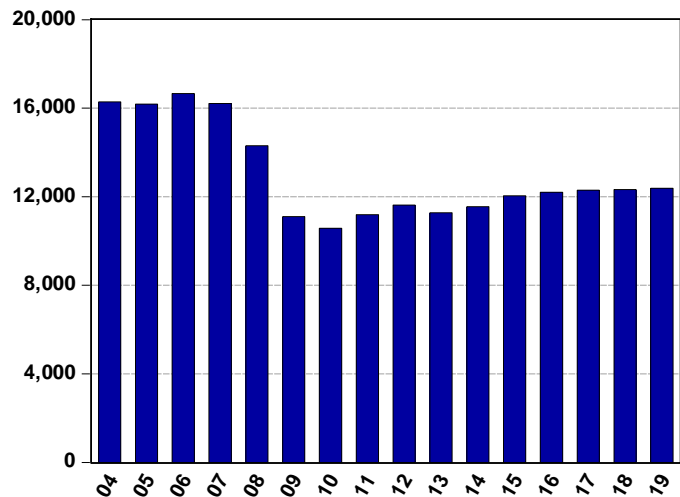
SELECTED IDAHO ECONOMIC INDICATORS

Computer and Electronics Manufacturing:

The electronics and computer manufacturing sector has played an important role in the development of Idaho's economy over the past three decades. The industry's employment began to take hold in Idaho in the 1970s. It then grew by leaps and bounds over the next 20 years, leading to payrolls of roughly 10,700 by 1991. The number of jobs in this sector almost doubled during the 1990s, with payrolls growing to more than 19,000 by 1998, and overtaking the food processing sector as the state's largest source of manufacturing jobs. It maintained healthy job gains through 2000 before a recession reduced growth to only 1.0% in 2001. Then a series of contractions took place over much of the next decade. In 2008 the sector returned the title of the state's largest

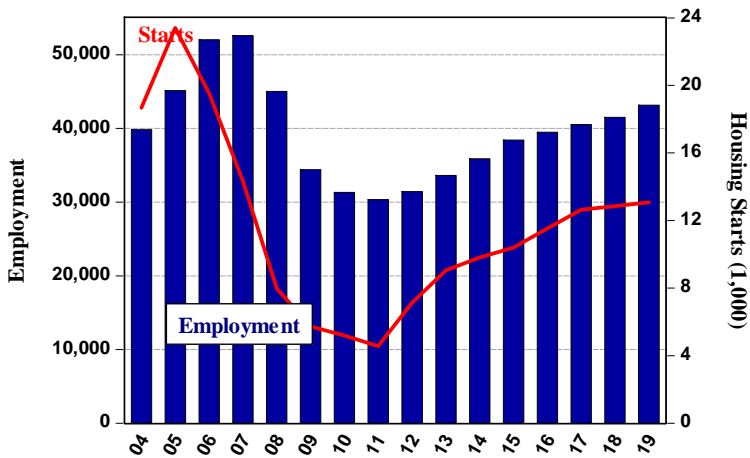
manufacturing employer back to the food processing sector. By 2010 there were fewer than 10,600 computer and electronics manufacturing jobs in the state, which was nearly the same employment level as in 1991. Employment continued to fluctuate after 2010, but with more years of growth than contraction. Much of the fluctuation that occurred between 2007 and 2013 was due to a combination of weak demand during the Great Recession and of a glut of commodity memory products that caused prices to collapse. The price of memory products began to rise again in mid-2013 as the producers of memory products tightened supply, partially due to merging of some of the major global manufacturers. This helped Idaho computer and electronics manufacturers, such as Micron Technology, Inc., which is headquartered in Boise. Micron is one of the largest producers of NAND flash memory chips in the world. As a result of Micron's reach within the Treasure Valley, global memory prices often have a tangible impact in Idaho. For example, state payrolls in the sector grew at a 2.4% annualized rate in 2014 soon after memory prices began increasing in 2013. Employment growth in the industry in Idaho persisted into 2015, though employment is expected to decelerate to a 1.0% annual rate in the fourth quarter. This is partially due to some memory commodity prices that began to decline again in late-2014. In addition, layoffs of 25,000 to 30,000 company-wide jobs from Hewlett Packard Enterprise Company were announced in September 2015. It is not yet known what portion of the layoffs will come from the Idaho workforce. While the combination of lower memory prices and Hewlett Packard restructuring are expected to have a negative impact on this sector's employment growth, it is not expected to be enough to stop it. Industry payrolls are forecast to have grown by 4.3% for all of 2015, and are expected to advance 1.3% in 2016, 0.8% in 2017, 0.3% in 2018, and 0.5% in 2019.

Idaho Computer and Electronic Products Employment



Construction: Construction is a strong driver of growth in Idaho's economy, as new construction activity in the state drives new employment not only in the construction sector, but in a number of other sectors that support construction. Increased construction can have a beneficial impact on construction supply retailers and wholesalers, furniture retailers, and many other businesses that provide supplies or services that are necessary to finance, build, and furnish new homes and businesses. So it is no coincidence that some of the biggest economic growth years in Idaho were some of the biggest construction years. New home construction in Idaho was one of the forces behind the economic boom of the 1990s and early 2000s in the state. Housing starts in Idaho grew from a rate of just under 6,000 units

Idaho Construction Employment and Housing Starts

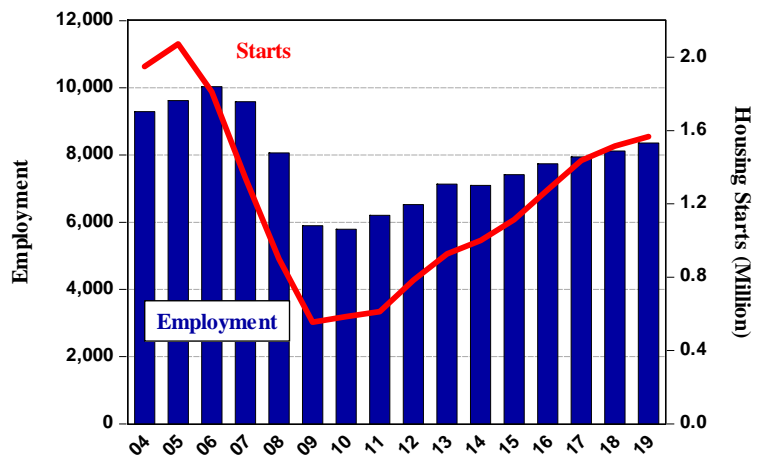


in 1990 to more than 23,000 units by 2005. During that same period construction employment more than doubled, from about 20,000 in 1991 to more than 45,000 in 2005. The same power that construction has in driving economic growth became an anchor on the state’s economy when the state’s housing industry faltered in the mid-2000s. Housing starts fell by 16.5% in 2006 and 26.6% in 2007. Construction employment growth persisted into 2007 before falling in 2008. In 2008 housing starts contracted another 44.4%, leading to a 14.4% drop in construction payrolls that year. The housing sector continued to languish for the next few years, with starts

dropping as low as 4,560 units in 2011 and construction employment falling to 30,350 jobs in the same year. By 2012 there was renewed activity in the market, as housing starts rose by 56.2% to a level of 7,130 units. Construction employment also revived that year, but by a slower rate of 3.5%. The question of whether or not the years-long housing market decline was actually over was answered in 2013 when housing starts grew at a rate of 27.0% and construction employment growth accelerated to 7.0%. In 2014, both housing starts and construction slowed to 8.3% and 6.7%, respectively. Idaho construction employment is expected to have regained some ground in 2015, growing at an estimated rate of 7.1%, but housing starts in the state slowed again, to a rate of 6.1%. Although, housing starts in the state are forecast to accelerate to 10.8% growth in 2016, followed by 9.7% in 2017, and 1.7% in both 2018 and 2019. Construction employment in the state is also expected to grow in each year of the forecast, albeit at a more modest pace than in recent years. Idaho construction payrolls are anticipated to increase by 2.8% in 2016, 2.7% in 2017, 2.4% in 2018, and 4.0% in 2019.

Logging and Wood Products: An acceleration in residential construction in the US and one of the worst years for wildfires in Idaho in decades is expected to lead to a short-term acceleration in logging and wood product employment in the state. Because Idaho has a cool, dry climate, most of the softwood trees in Idaho’s forests tend to grow slower than similar softwood trees that grow in warmer, more humid climates. This slower growth often leads to trees with tighter ring patterns that are popular in home construction, due to their dual benefits of being lightweight and having long, strong fibers. Because Idaho exports a large portion of its lumber out of the state, the national housing market is one of the strongest drivers of employment growth in the sector. US housing starts are estimated to have grown 11.4% in 2015, and are forecast to speed up to year-over-year growth rate of 14.6% in 2016. The increased national demand for lumber is expected to have a positive impact on employment in the logging and wood products sector in Idaho. Another

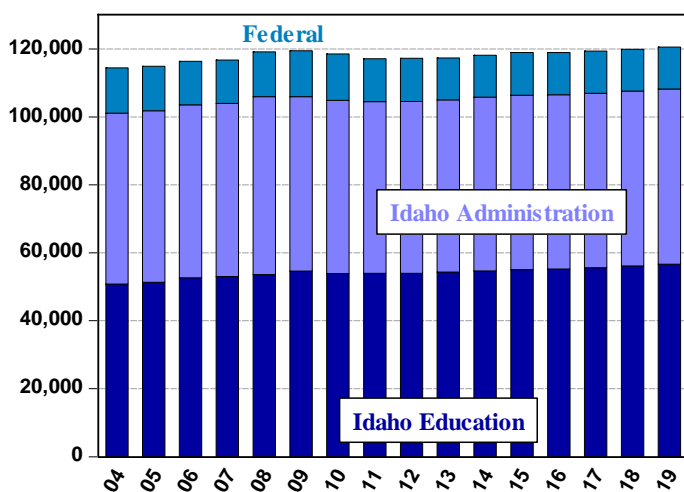
Idaho Wood Product Employment and US Housing Starts



factor that is expected to contribute to a short-term jump in this sector's payrolls is the number of Idaho forest acres that were burned in the 2015 wildfire season. Some reports have pegged 2015 as the state's worst wildfire year since 1926, which is expected to result in a larger number of burned trees than usual on land that is accessible to logging. A burned tree has a short window of time to be recovered for logging purposes before it succumbs to disease or rotting. It is likely that a short-term increase in employment will occur as an effort to recover some of these burned logs in time is undertaken. Some of this recovery is already occurring, which is part of the driving force behind the estimated growth rate of 5.0% in Idaho logging and wood product manufacturing employment in the fourth quarter of 2015, up from a seasonally adjusted annualized decline of 9.3% in the third quarter. The higher employment growth in the sector is expected to last through much of 2016 before it begins to level off in the latter years of the forecast. Specifically, Idaho logging and wood product employment grew at an estimated 4.4% pace in 2015, and is expected to speed up to 4.5% in 2016 before backing down to growth of 2.6% in 2017, 2.3% in 2018, and 2.9% in 2019.

Government: With nearly 18% of all Idaho nonfarm employees working for either federal, state, or local governments, Idaho's government sector accounts for a large share of the total job base. Federal government employment in Idaho has been decreasing steadily for several years, but a severe wildfire season led to a recent surge in federal employment in Idaho in an effort to fight fires with increased manpower. While this employment spiked in the third quarter of 2015, it should settle at a lower level in the fourth quarter. The one-quarter surge is expected to have been large enough to bring federal government employment into growth territory for the entire year, but a return to steady year-over-year declines is expected thereafter. Federal government employment in Idaho is estimated to have grown 1.8% in 2015, and is forecast to decline by 0.8% in 2016, 0.4% in both 2017 and 2018, and 0.5% in 2019. State and local government employment should advance slowly over the next few years. Growth in both education and administration payrolls at the state and local level are driven by population growth and local budgets. Idaho is a population growth state, meaning year-over-year population increases occur each year. The largest annual changes are due to net migration. During the Great Recession, Idaho net migration slowed from a near flood of almost 26,000 persons in 2006 to a trickle of just 340 persons in 2011. Since 2011 both net migration and total population have accelerated, and are both forecast to

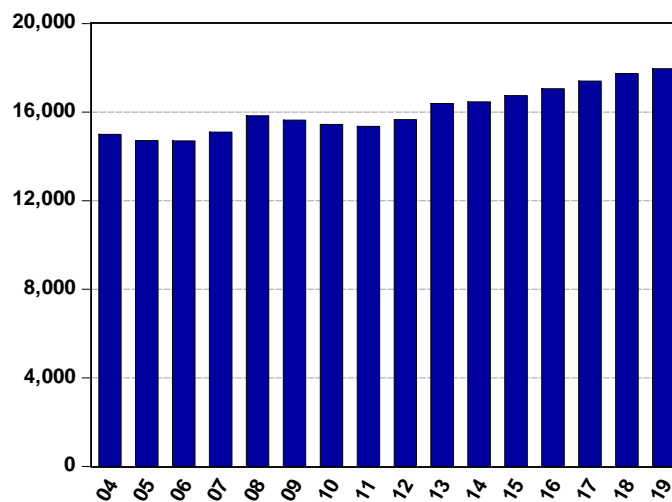
Idaho Government Employment



continue to grow at a steady pace through 2019. As population increases in the state, the demand for additional government services also increases. The increase in the population typically brings in additional tax revenues to state and local governments, which are often used to expand those government services. Some of the new government services come in the form of the hiring of new government employees to assist in providing public goods and services. As population and government budgets grow, employment in this category is expected to grow at a modest pace in each year of the forecast. State and local government employment grew at an estimated rate of 0.6% in 2015, and is anticipated to increase by 0.1% in 2016, 0.4% in 2017, and 0.6% in both 2018 and 2019.

Food Processing: The proximity to abundant agricultural resources and talented labor pools has made Idaho an ideal location for many food processing companies. Among these companies are GoGo squeeZ, Sorrento Lactalis, and Clif Bar. While some of these companies have expanded or relocated to the Treasure Valley, the majority of the growth in the industry has been in the Magic Valley in southern Idaho. Also, many of the new or expanding companies specialize in producing dairy products. Idaho’s relatively large number of dairy cattle is partially responsible for this trend. According to the United States Department of Agriculture, in 2014 Idaho’s 575,000 dairy cows produced 13.9 billion pounds of milk, or about 6.7% of total US milk production—the third highest in the nation. The Magic Valley is one of the more productive regions of the state. The ample supply of milk in the area is one of the reasons Chobani, the leading seller of Greek yogurt in the US by market share, chose to build a new production facility there in 2012. Glanbia, a leading producer of cheese in the US, and located in the Magic Valley, recently underwent an expansion that created hundreds of new jobs. The economic impact of these businesses has extended to other companies that have relocated to the region to support the larger companies. Companies such as Fabri-Kal, which opened in October and produces plastic cups for Chobani, among other products. Not all food processing companies in Idaho are expanding, though. In an effort to increase efficiencies, in 2013 the J. R. Simplot Company began the process of closing three of its outdated potato processing facilities (in Nampa, Caldwell, and Aberdeen) and replace them with a new, state-of-the-art processing facility that would be located in Caldwell. Employment gains from new and expanding companies are outpacing any losses in the sector. Idaho food processing payrolls are forecast to grow by 1.7% in 2015, 1.8% in 2016, 2.0% in both 2017 and 2018, and 1.2% in 2019.

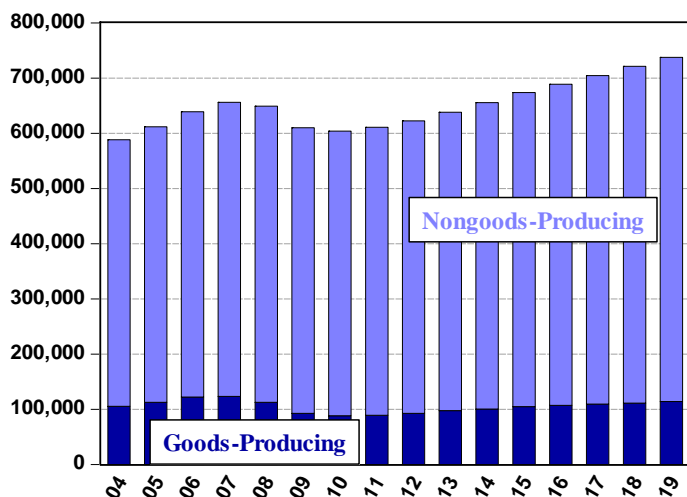
Idaho Food Processing Employment



The economic impact of these businesses has extended to other companies that have relocated to the region to support the larger companies. Companies such as Fabri-Kal, which opened in October and produces plastic cups for Chobani, among other products. Not all food processing companies in Idaho are expanding, though. In an effort to increase efficiencies, in 2013 the J. R. Simplot Company began the process of closing three of its outdated potato processing facilities (in Nampa, Caldwell, and Aberdeen) and replace them with a new, state-of-the-art processing facility that would be located in Caldwell. Employment gains from new and expanding companies are outpacing any losses in the sector. Idaho food processing payrolls are forecast to grow by 1.7% in 2015, 1.8% in 2016, 2.0% in both 2017 and 2018, and 1.2% in 2019.

Nongoods Producing: Nongoods-producing employment makes up the majority of all nonfarm employment in Idaho, with approximately 85% of Idaho’s nonfarm workforce working in a service or trade sector. Service sector payrolls make up the largest portion of nongoods-producing payrolls in the state. One of the largest service employment sectors is professional and business services. Recently, the cloud-based software services company Paylocity announced that they will open a center in Boise, which will contribute to growth in professional and business service employment in the state. The company has announced that only 15–20 Idaho employees will be hired initially, but plans are to expand to a level of at least 500 employees over the next five years. Combined payrolls in all professional and business service industries were nearly 81,000 jobs in the third quarter of 2015, but

Idaho Nonfarm Employment



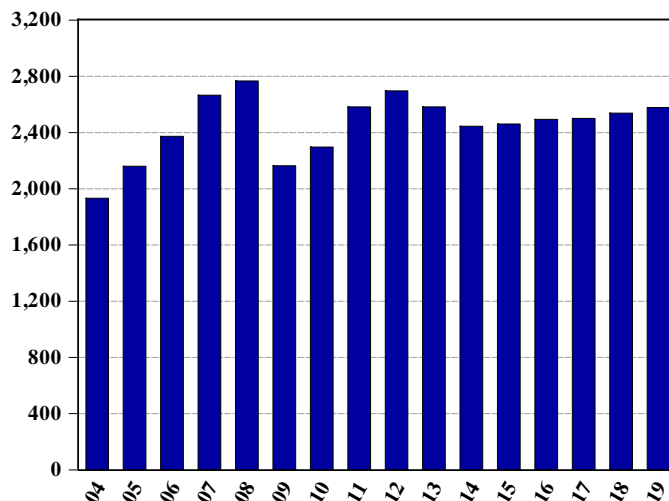
Service sector payrolls make up the largest portion of nongoods-producing payrolls in the state. One of the largest service employment sectors is professional and business services. Recently, the cloud-based software services company Paylocity announced that they will open a center in Boise, which will contribute to growth in professional and business service employment in the state. The company has announced that only 15–20 Idaho employees will be hired initially, but plans are to expand to a level of at least 500 employees over the next five years. Combined payrolls in all professional and business service industries were nearly 81,000 jobs in the third quarter of 2015, but

are forecast to grow in each year of the forecast to an anticipated 93,300 jobs in 2019. The outlook for total service employment in Idaho follows a similar path, growing at an average annual rate of 2.9% over the forecast period, culminating in payrolls of 377,400 jobs in 2019. The other portion of the nongoods-producing equation is the trade sector. It is made up of both retail and wholesale businesses. Employment in the retail category is forecast to grow at an average annual rate of 2.9% through 2019, while wholesale trade payrolls are expected to grow at a 3.0% pace. Total trade payrolls in Idaho are forecast to grow by an estimated 2.7% in 2015, 2.3% in 2016, 2.5% in 2017, 3.2% in 2018, and 2.8% in 2019. Total nongoods-producing payrolls are expected to increase by 2.5% in 2015, 2.3% in both 2016 and 2017, 2.4% in 2018, and 2.2% in 2019.

Other Manufacturing Sectors: Nearly 24% of all manufacturing employees in Idaho work in smaller sectors that are not reported individually in the *Idaho Economic Forecast*. These employees are aggregated into either the other durable manufacturing employment or the other nondurable manufacturing employment categories. Other durable manufacturing is the larger of the two categories, with roughly twice the jobs of its nondurable counterpart. Durable goods are goods with a relatively long shelf life, and are not necessarily meant for immediate consumption, such as furniture. Employment in the other durable manufacturing sector contracted by nearly 27% during the recession and through a portion of the recovery. These sectors began to regain some of the lost payrolls in 2011 and experienced strong employment growth again in 2012 and 2013. Payrolls decreased by 0.2% in 2014, which seems to have been a short-term hiccup. Payrolls recovered in 2015, growing by an anticipated 2.8%, and are expected to increase by 2.5% in 2016, 3.7% in 2017, 2.6% in 2018, and 1.9% in 2019. The other nondurable manufacturing category bounced back a year earlier than durable manufacturing, posting its first post-recession job gains in 2010. Nondurable manufacturing payrolls have expanded at a rapid pace over the last few years, increasing by more than 9.0% in 2013 alone. Nondurable manufacturers produce goods, such as paper products, are typically consumed more immediately. Unlike the other durables manufacturing category, other nondurable manufacturing payrolls had robust growth in 2014, expanding by 5.9%. Growth in this sector is also expected to continue over the forecast period. Other nondurable manufacturing payrolls are expected to grow by 3.9% in 2015, 2.7% in 2016, 1.7% in 2017, 1.7% in 2018, and 1.8% in 2019.

Mining: Idaho is an important source of silver, gold, copper, molybdenum, and various phosphates. A number of these minerals have faced steep price declines over the last few years, which have put a strain on employment in this sector. Among these minerals with steep price declines is molybdenum, which is selling at the lowest price since the mid-2000s. Molybdenum was selling at more than \$45 per pound in 2005, and even as much as \$15 per pound as recently as mid-2014, but has since declined to a price of less than \$5 per pound in December 2015. This has made it difficult for Idaho molybdenum mines to remain profitable. As a result many molybdenum mines have reduced staff in an effort to conserve cash. With weak global demand for molybdenum expected to linger, there is no major price increase expected in the near term that would help to lift employment in molybdenum mining. Some molybdenum

Idaho Mining Employment



mines have begun exploring new potential deposits, hoping to make up for the low prices with quantity. Despite current soft prices, molybdenum mining companies are taking steps to help them be well positioned when prices revive. CuMo Mining Corporation is currently seeking permit approval to begin to explore a site near Silver City for new molybdenum deposits. In spite of the current struggles for mineral mines in Idaho, additional payroll losses are expected to be minimal moving forward, as many of the struggling mines have already reduced staff to skeleton crews. One mining sector that is thriving is gravel mines, or gravel pits, which recover sand and gravel from old river beds for use in construction projects. Gravel pits commonly see higher demand during periods of increased construction. More activity in the gravel pits, along with fewer layoffs expected at the mineral mines in the state, is likely to lead to some modest payroll growth in the sector over the next few years. Mining employment in Idaho is forecast to have increased by 0.6% in 2015, and is anticipated to grow by 1.3% in 2016, 0.4% in 2017, 1.5% in 2018, and 1.6% in 2019.

ALTERNATIVE FORECASTS

IHS Economics has assigned a 65% probability of occurrence to its November 2015 baseline macroeconomic scenario, which reflects a five percentage point decrease in the probability of the *Baseline Scenario* occurring over the September 2015 forecast. The probabilities of the *Optimistic* and *Pessimistic Scenarios* occurring are 15% and 20%, respectively.

The major features of the *Baseline Scenario* include:

- Real GDP expands 2.4% in 2015, 2.9% in 2016, 2.8% in 2017, 2.7% in 2018, and 2.6% in 2019.
- US nonfarm employment increases 2.1% in 2015, 1.6% in 2016, 1.4% in 2017, 1.3% in 2018, and 1.1% in 2019.
- The US civilian unemployment rate falls from 5.3% in 2015 to 5.0% in 2019.
- Consumer prices are flat in 2015, but then grow 1.4% in 2016, 2.7% in 2017, and 2.4% in both 2018 and 2019.
- The unified federal budget deficit increases from about -\$439 billion in 2015 to -\$535 billion in 2019.
- The current account deficit rises from -\$439 billion in 2015 to -\$623 billion in 2019.
- Housing starts grow from 1.1 million units in 2015 to 1.6 million units in 2019.

PESSIMISTIC SCENARIO

In the *Pessimistic Scenario*, global economic instability leads to a number of factors that bridle US economic growth. The broad exchange rate for the dollar is initially stronger in this scenario than in the baseline, which continues through 2016. The value of the dollar falls in 2017 in both scenarios, but the decline is much sharper in this scenario than in the *Baseline Scenario*. The broad exchange rate falls by 3.4% in 2017, 3.3% in 2018, and 2.8% in 2019, versus 2.4% in 2017, 2.3% in 2018, and 1.0% in 2019 in the baseline. Persistently low commodity prices keep downward pressure on equity prices and a string of bad international economic reports sets off a major financial market correction in 2016. The S&P 500 is 900 points lower by the end of 2016 than in the baseline. An oversupply of oil in the global economy keeps the price of petroleum products beneath the baseline until late-2017, but it is not low enough to offset the growing pessimism that consumers feel about the direction of the economy. Consumer spending growth slows to 2.0% in 2016, versus 3.2% in the *Baseline Scenario*. The pessimism is not exclusive to consumers. Employers also feel the weight of the wavering economy and scale back on hiring. Nonfarm US payrolls increase at an average rate of 22,000 per month, which is just a fraction of the 180,000 per month rate that is forecast in the baseline. The unemployment rate begins to slowly rise again in 2019. Housing formations weaken as young people choose to delay moving out on their own until the economy strengthens. Both housing starts and existing home sales are slightly lower than in the *Baseline Scenario*.

The Federal Reserve decides to delay further raising the federal funds rate target for two additional years. Consumer inflation pushes past the Federal Reserve's 2% inflation threshold in the later years of the forecast. Higher inflation triggers a monetary policy move to keep price levels stable. The federal funds rate remains at or near 0.1% through 2017 before increasing to 0.9% in 2018 and 2.9% in 2019. Real GDP grows 2.4% in 2015, 1.1% in 2016, 2.2% in 2017, 2.4% in 2018, and 1.5% in 2019.

The weight of the struggling US economy puts pressure on many portions of Idaho's economy over the forecast period. Total nonfarm employment still grows through 2019, as forecast in the *Baseline Scenario*, but at a more modest rate. Goods-producing payrolls grow at an average annual rate of 1.8% from 2015

**IDAHO ECONOMIC FORECAST
BASELINE AND ALTERNATIVE FORECASTS
JANUARY 2016**

| | BASELINE | | | | | OPTIMISTIC | | | | | PESSIMISTIC | | | | |
|----------------------------------|----------|---------|---------|---------|---------|------------|---------|---------|---------|---------|-------------|---------|---------|---------|---------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2015 | 2016 | 2017 | 2018 | 2019 | 2015 | 2016 | 2017 | 2018 | 2019 |
| U.S. GDP (BILLIONS) | | | | | | | | | | | | | | | |
| Current \$ | 17,955 | 18,806 | 19,743 | 20,675 | 21,620 | 17,966 | 19,055 | 20,286 | 21,340 | 22,347 | 17,940 | 18,416 | 19,159 | 20,042 | 20,798 |
| % Ch | 3.5% | 4.7% | 5.0% | 4.7% | 4.6% | 3.6% | 6.1% | 6.5% | 5.2% | 4.7% | 3.4% | 2.7% | 4.0% | 4.6% | 3.8% |
| 2009 Chain-Weighted | 16,349 | 16,816 | 17,292 | 17,754 | 18,209 | 16,360 | 17,011 | 17,669 | 18,221 | 18,726 | 16,338 | 16,513 | 16,883 | 17,284 | 17,543 |
| % Ch | 2.4% | 2.9% | 2.8% | 2.7% | 2.6% | 2.5% | 4.0% | 3.9% | 3.1% | 2.8% | 2.4% | 1.1% | 2.2% | 2.4% | 1.5% |
| PERSONAL INCOME - CURR \$ | | | | | | | | | | | | | | | |
| Idaho (Millions) | 62,183 | 65,021 | 68,329 | 72,075 | 75,908 | 62,178 | 65,275 | 69,104 | 73,692 | 78,407 | 62,186 | 64,809 | 67,862 | 71,061 | 74,561 |
| % Ch | 3.6% | 4.6% | 5.1% | 5.5% | 5.3% | 3.6% | 5.0% | 5.9% | 6.6% | 6.4% | 3.6% | 4.2% | 4.7% | 4.7% | 4.9% |
| U.S. (Billions) | 15,310 | 15,996 | 16,851 | 17,742 | 18,639 | 15,314 | 16,151 | 17,292 | 18,388 | 19,372 | 15,307 | 15,783 | 16,377 | 17,167 | 18,014 |
| % Ch | 4.2% | 4.5% | 5.3% | 5.3% | 5.1% | 4.2% | 5.5% | 7.1% | 6.3% | 5.3% | 4.2% | 3.1% | 3.8% | 4.8% | 4.9% |
| PERSONAL INCOME - 2009 \$ | | | | | | | | | | | | | | | |
| Idaho (Millions) | 56,835 | 58,716 | 60,423 | 62,487 | 64,544 | 56,786 | 58,529 | 60,740 | 63,910 | 66,858 | 56,859 | 58,794 | 60,394 | 61,778 | 63,283 |
| % Ch | 3.3% | 3.3% | 2.9% | 3.4% | 3.3% | 3.2% | 3.1% | 3.8% | 5.2% | 4.6% | 3.3% | 3.4% | 2.7% | 2.3% | 2.4% |
| U.S. (Billions) | 13,993 | 14,445 | 14,902 | 15,382 | 15,849 | 13,986 | 14,481 | 15,199 | 15,948 | 16,518 | 13,995 | 14,318 | 14,575 | 14,924 | 15,290 |
| % Ch | 3.9% | 3.2% | 3.2% | 3.2% | 3.0% | 3.8% | 3.5% | 5.0% | 4.9% | 3.6% | 3.9% | 2.3% | 1.8% | 2.4% | 2.4% |
| TOTAL NONFARM EMPLOYMENT | | | | | | | | | | | | | | | |
| Idaho | 673,562 | 689,008 | 704,579 | 721,315 | 737,242 | 673,551 | 690,117 | 707,616 | 729,815 | 754,527 | 673,574 | 687,545 | 702,639 | 716,877 | 726,451 |
| % Ch | 2.8% | 2.3% | 2.3% | 2.4% | 2.2% | 2.8% | 2.5% | 2.5% | 3.1% | 3.4% | 2.8% | 2.1% | 2.2% | 2.0% | 1.3% |
| U.S. (Thousands) | 141,898 | 144,120 | 146,092 | 147,939 | 149,545 | 141,934 | 144,978 | 148,176 | 150,713 | 152,415 | 141,880 | 142,848 | 143,634 | 145,157 | 146,190 |
| % Ch | 2.1% | 1.6% | 1.4% | 1.3% | 1.1% | 2.1% | 2.1% | 2.2% | 1.7% | 1.1% | 2.1% | 0.7% | 0.6% | 1.1% | 0.7% |
| GOODS-PRODUCING SECTOR | | | | | | | | | | | | | | | |
| Idaho | 104,317 | 106,714 | 109,061 | 111,247 | 114,034 | 104,368 | 108,639 | 111,314 | 112,125 | 115,357 | 104,296 | 105,114 | 107,179 | 110,272 | 112,036 |
| % Ch | 4.3% | 2.3% | 2.2% | 2.0% | 2.5% | 4.3% | 4.1% | 2.5% | 0.7% | 2.9% | 4.2% | 0.8% | 2.0% | 2.9% | 1.6% |
| U.S. (Thousands) | 19,534 | 19,703 | 20,284 | 20,697 | 21,053 | 19,546 | 19,975 | 20,816 | 21,241 | 21,514 | 19,532 | 19,448 | 19,732 | 20,125 | 20,448 |
| % Ch | 1.6% | 0.9% | 2.9% | 2.0% | 1.7% | 1.7% | 2.2% | 4.2% | 2.0% | 1.3% | 1.6% | -0.4% | 1.5% | 2.0% | 1.6% |
| NONGOODS-PRODUCING SECTOR | | | | | | | | | | | | | | | |
| Idaho | 569,245 | 582,295 | 595,517 | 610,068 | 623,208 | 569,183 | 581,477 | 596,302 | 617,690 | 639,170 | 569,277 | 582,431 | 595,460 | 606,605 | 614,416 |
| % Ch | 2.5% | 2.3% | 2.3% | 2.4% | 2.2% | 2.5% | 2.2% | 2.5% | 3.6% | 3.5% | 2.5% | 2.3% | 2.2% | 1.9% | 1.3% |
| U.S. (Thousands) | 122,363 | 124,417 | 125,808 | 127,242 | 128,491 | 122,389 | 125,002 | 127,359 | 129,471 | 130,901 | 122,348 | 123,400 | 123,902 | 125,032 | 125,741 |
| % Ch | 2.1% | 1.7% | 1.1% | 1.1% | 1.0% | 2.2% | 2.1% | 1.9% | 1.7% | 1.1% | 2.1% | 0.9% | 0.4% | 0.9% | 0.6% |
| SELECTED INTEREST RATES | | | | | | | | | | | | | | | |
| Federal Funds | 0.1% | 0.9% | 1.9% | 2.9% | 3.3% | 0.2% | 1.7% | 3.0% | 3.8% | 3.9% | 0.1% | 0.1% | 0.1% | 0.9% | 2.9% |
| Bank Prime | 3.3% | 3.9% | 4.9% | 5.9% | 6.3% | 3.3% | 4.7% | 6.0% | 6.8% | 6.9% | 3.2% | 3.1% | 3.1% | 3.9% | 5.9% |
| Existing Home Mortgage | 4.0% | 4.7% | 5.0% | 5.6% | 6.0% | 4.0% | 5.1% | 6.0% | 6.6% | 6.8% | 4.0% | 4.4% | 4.4% | 5.0% | 6.3% |
| INFLATION | | | | | | | | | | | | | | | |
| GDP Price Deflator | 1.0% | 1.8% | 2.1% | 2.0% | 2.0% | 1.0% | 2.0% | 2.5% | 2.0% | 1.9% | 1.0% | 1.6% | 1.8% | 2.2% | 2.2% |
| Personal Cons Deflator | 0.3% | 1.2% | 2.1% | 2.0% | 2.0% | 0.4% | 1.9% | 2.0% | 1.4% | 1.7% | 0.2% | 0.8% | 1.9% | 2.4% | 2.4% |
| Consumer Price Index | 0.0% | 1.4% | 2.7% | 2.4% | 2.4% | 0.1% | 2.1% | 2.5% | 1.7% | 2.1% | 0.0% | 0.9% | 2.5% | 2.9% | 2.9% |

through 2019 in the *Pessimistic Scenario*, versus 2.3% in the baseline. Nongoods-producing payrolls grow slightly slower, at a 1.9% clip over the forecast period in this scenario, versus 2.3% in the baseline. By 2019 the goods-producing employment sectors in the state are forecast to have 2,000 fewer jobs than in the *Baseline Scenario*, whereas nongoods-producing sectors are expected to have 8,800 fewer jobs. Total state nonfarm payrolls are nearly 10,800 lower in this scenario than in the baseline. The slack in Idaho's job market puts downward pressure on wage and income growth. Real personal income in the Gem State grows at an average annual rate of 2.7% through 2019 in this scenario, versus 3.2% in the *Baseline Scenario*.

OPTIMISTIC SCENARIO

In the *Optimistic Scenario*, stronger global growth helps to preserve the momentum that the US economy has been building over the last couple of years. The broad-based exchange rate growth slows as many of the major trade partners stabilize their economies. Although the exchange rate grows slower initially in this scenario, the growth rate is much more sustainable and the value of the dollar grows through 2017 before it begins to decrease. The dollar's depreciation begins in 2017 in the *Baseline Scenario*, which is a full year earlier than in the *Optimistic Scenario*. The US equity market's sensitivity to foreign economic conditions works in its favor. The S&P 500 shows immediate strength, growing 3.6% in the fourth quarter of 2015 alone (versus 3.2% in the baseline). This momentum continues through the forecast period, with the S&P 500 index ultimately increasing 8.2% above the baseline by 2018. Consumer and business confidence grow, leading to higher demand for petroleum products, which initially drives oil prices higher. The price of Brent crude averages \$66 per barrel in 2016, versus \$54 per barrel in the baseline, but a rebound in global oil production drives oil prices back below the baseline by 2017. Consumer spending is higher in each year of this scenario after 2015, growing by 3.3% in 2016, 4.1% in 2017, 4.5% in 2018, and 3.6% in 2019. Growth in economic activity boosts employment in the US. The labor market adds nearly 300,000 jobs per month in 2016, versus less than 200,000 per month in the baseline. The headline unemployment rate decreases in each year through 2018, when it reaches 3.9% before ticking back up to 4.1% in 2019.

In response to the accelerating growth in the US economy, the Federal Reserve raises the federal funds rate for the first time since before the Great Recession. Sustained growth in the labor markets, increases in total factor productivity, and modest inflation leads the Federal Reserve to choose December 2015 as the appropriate time for the increase. Financial markets get a boost from the announcement of the rate hike. The US economy grows by 2.5% in 2015, 4.0% in 2016, 3.9% in 2017, 3.1% in 2018, and 2.8% in 2019.

Idaho's economy benefits from favorable economic conditions in the US. Stronger economic growth in the US extends to the Gem State, which accelerates hiring. Total nonfarm employment in Idaho grows by 2.5% in both 2016 and 2017, 3.1% in 2018, and 3.4% in 2019 (versus 2.3% in both 2016 and 2017, 2.4% in 2018, and 2.2% in 2019 in the *Baseline Scenario*). The increase in nonfarm employment is more rapid in the goods-producing sectors at first, but grows at a much faster pace in the nongoods-producing sectors in the later years of the forecast. Nongoods-producing employment in the state grows at an average annual rate of 2.9% between 2015 and 2019 in this scenario, whereas employment in these sectors grows at a more modest rate of 2.3% in the *Baseline Scenario*. Goods-producing employment in Idaho increases at an average annual pace of 2.5% in the *Optimistic Scenario*, versus 2.3% in the baseline. By 2019 Idaho has 17,000 more nonfarm jobs in this scenario than in the baseline. The increase in employment has a positive impact on real personal income in the out years of the forecast. By 2019 real personal income is \$66.9 billion, which is \$2.3 billion more than the \$64.5 billion forecast in the *Baseline Scenario*.

Idaho General Fund Revenue

History and Projections

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

The three largest revenue categories (individual income tax, corporate income tax, and sales tax) typically account for more than 90% of Idaho's General Fund revenue. These three revenue sources are forecast using a combination of econometric methods and judgment. The econometric method employed is multiple regression, using variables contained in the Idaho Economic Model (IEM). Exogenous forecast data are obtained from the January 2016 *Idaho Economic Forecast*. Both are products of the Idaho Division of Financial Management. The judgmental factors considered include the effects of rate changes, other law changes, judicial decisions, and knowledge not reflected in the econometric analysis.

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

GENERAL FUND REVENUE
(\$ MILLION)

| SOURCE | ACTUAL | | | | | | | | | |
|------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 | FY 2007 | FY 2008 |
| INDIVIDUAL INCOME TAX | \$841.87 | \$960.16 | \$1,023.97 | \$835.85 | \$837.80 | \$902.13 | \$1,035.54 | \$1,216.49 | \$1,400.16 | \$1,429.74 |
| % CHANGE | 8.5% | 14.1% | 6.6% | -18.4% | 0.2% | 7.7% | 14.8% | 17.5% | 15.1% | 2.1% |
| CORPORATE INCOME TAX | \$95.44 | \$124.87 | \$141.53 | \$76.30 | \$93.13 | \$103.02 | \$139.56 | \$194.13 | \$190.22 | \$189.28 |
| % CHANGE | -18.6% | 30.8% | 13.3% | -46.1% | 22.1% | 10.6% | 35.5% | 39.1% | -2.0% | -0.5% |
| SALES TAX | \$588.80 | \$627.50 | \$647.29 | \$657.12 | \$700.24 | \$886.08 | \$950.83 | \$880.77 | \$1,077.46 | \$1,141.44 |
| % CHANGE | 18.5% | 6.6% | 3.2% | 1.5% | 6.6% | 26.5% | 7.3% | -7.4% | 22.3% | 5.9% |
| CIGARETTE TAX | \$7.23 | \$7.30 | \$7.98 | \$8.00 | \$8.26 | \$30.04 | \$7.81 | \$7.98 | \$1.00 | \$6.54 |
| TOBACCO PRODUCTS | \$0.00 | \$0.00 | \$4.06 | \$4.31 | \$4.67 | \$5.49 | \$5.75 | \$6.16 | \$6.55 | \$7.20 |
| BEER TAX | \$1.68 | \$1.75 | \$1.82 | \$1.88 | \$1.91 | \$1.96 | \$1.95 | \$1.99 | \$2.13 | \$2.15 |
| WINE TAX | \$1.90 | \$1.96 | \$1.90 | \$1.88 | \$1.97 | \$2.14 | \$2.33 | \$2.43 | \$2.48 | \$2.58 |
| LIQUOR SURCHARGE | <u>\$4.95</u> | <u>\$4.95</u> | <u>\$4.95</u> | <u>\$4.95</u> | <u>\$4.95</u> | <u>\$4.95</u> | <u>\$4.95</u> | <u>\$4.95</u> | <u>\$10.24</u> | <u>\$8.38</u> |
| PRODUCT TAXES | \$15.76 | \$15.96 | \$20.70 | \$21.02 | \$21.75 | \$44.57 | \$22.79 | \$23.50 | \$22.41 | \$26.84 |
| % CHANGE | -0.5% | 1.2% | 29.7% | 1.5% | 3.5% | 104.9% | -48.9% | 3.1% | -4.6% | 19.8% |
| KILOWATT-HOUR TAX | \$2.89 | \$2.77 | \$1.80 | \$1.79 | \$1.80 | \$1.83 | \$1.53 | \$2.29 | \$2.26 | \$1.60 |
| MINE LICENSE TAX | \$1.98 | (\$0.66) | \$0.12 | \$0.82 | \$0.04 | \$0.07 | \$0.03 | \$0.27 | \$2.35 | \$2.52 |
| INTEREST EARNINGS | \$18.69 | \$21.56 | \$22.30 | \$11.33 | \$2.98 | \$4.97 | \$8.92 | \$18.12 | \$17.17 | \$11.37 |
| COURT FEES AND FINES | \$5.13 | \$5.31 | \$5.49 | \$5.19 | \$5.29 | \$4.98 | \$4.66 | \$4.79 | \$5.04 | \$5.33 |
| INSURANCE PREMIUM TAX | \$45.47 | \$46.43 | \$55.88 | \$55.37 | \$59.49 | \$62.77 | \$60.85 | \$60.38 | \$59.78 | \$56.34 |
| ALCOHOLIC BEVERAGE LICENSES | \$1.16 | \$1.30 | \$1.22 | \$1.36 | \$1.39 | \$1.61 | \$1.64 | \$1.72 | \$1.81 | \$1.81 |
| UCC FILINGS | \$0.01 | \$0.02 | \$2.01 | \$2.03 | \$2.14 | \$2.39 | \$2.69 | \$3.02 | \$3.00 | \$2.82 |
| UNCLAIMED PROPERTY | \$1.59 | \$2.31 | \$5.81 | \$0.88 | \$3.76 | \$3.69 | \$9.83 | \$1.99 | \$3.31 | \$5.63 |
| LANDS | \$0.32 | \$0.70 | \$0.34 | \$0.35 | \$0.36 | \$0.33 | \$0.53 | \$0.33 | \$0.47 | \$0.69 |
| ONE-TIME TRANSFERS | \$0.43 | \$4.42 | \$11.19 | \$7.11 | \$5.46 | \$51.40 | \$0.86 | \$0.54 | \$1.54 | \$2.24 |
| ESTATE TAX | \$0.00 | \$0.00 | \$35.81 | \$7.59 | \$13.65 | \$4.43 | \$3.30 | \$1.11 | \$0.12 | \$0.03 |
| OTHER DEPTS & TRANSFERS | <u>\$4.91</u> | <u>\$8.31</u> | <u>\$9.18</u> | <u>\$16.31</u> | <u>\$14.67</u> | <u>\$22.84</u> | <u>\$24.14</u> | <u>\$21.89</u> | <u>\$25.40</u> | <u>\$30.18</u> |
| MISC. REVENUE | \$82.57 | \$92.46 | \$151.15 | \$110.14 | \$111.02 | \$161.31 | \$118.98 | \$116.43 | \$122.25 | \$120.56 |
| % CHANGE | 8.6% | 12.0% | 63.5% | -27.1% | 0.8% | 45.3% | -26.2% | -2.1% | 5.0% | -1.4% |
| TOTAL GENERAL FUND* | \$1,624.43 | \$1,820.96 | \$1,984.64 | \$1,700.43 | \$1,763.95 | \$2,097.10 | \$2,267.69 | \$2,431.31 | \$2,812.49 | \$2,907.86 |
| % CHANGE | 9.6% | 12.1% | 9.0% | -14.3% | 3.7% | 18.9% | 8.1% | 7.2% | 15.7% | 3.4% |

* Totals may not add due to rounding.

GENERAL FUND REVENUE
(\$ MILLION)

| SOURCE | ACTUAL | | | | | | | FORECAST | |
|------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
| INDIVIDUAL INCOME TAX | \$1,167.89 | \$1,061.88 | \$1,152.65 | \$1,206.41 | \$1,284.38 | \$1,329.26 | \$1,470.86 | \$1,523.90 | \$1,606.15 |
| % CHANGE | -18.3% | -9.1% | 8.5% | 4.7% | 6.5% | 3.5% | 10.7% | 3.6% | 5.4% |
| CORPORATE INCOME TAX | \$141.03 | \$97.02 | \$168.95 | \$187.01 | \$198.66 | \$188.29 | \$215.40 | \$216.50 | \$222.06 |
| % CHANGE | -25.5% | -31.2% | 74.1% | 10.7% | 6.2% | -5.2% | 14.4% | 0.5% | 2.6% |
| SALES TAX | \$1,022.20 | \$955.91 | \$972.38 | \$1,027.34 | \$1,109.83 | \$1,145.73 | \$1,218.77 | \$1,279.07 | \$1,345.13 |
| % CHANGE | -10.4% | -6.5% | 1.7% | 5.7% | 8.0% | 3.2% | 6.4% | 4.9% | 5.2% |
| CIGARETTE TAX | \$7.77 | \$16.90 | \$14.40 | \$11.60 | \$13.08 | \$3.70 | \$3.34 | \$7.90 | \$9.95 |
| TOBACCO PRODUCTS | \$7.36 | \$7.82 | \$8.48 | \$8.93 | \$10.01 | \$9.88 | \$10.50 | \$10.94 | \$11.22 |
| BEER TAX | \$2.04 | \$2.07 | \$1.97 | \$1.94 | \$1.93 | \$1.89 | \$1.91 | \$1.78 | \$1.86 |
| WINE TAX | \$3.28 | \$3.00 | \$3.21 | \$3.45 | \$3.91 | \$4.13 | \$4.24 | \$4.17 | \$4.29 |
| LIQUOR SURCHARGE | <u>\$9.29</u> | <u>\$11.39</u> | <u>\$14.76</u> | <u>\$17.25</u> | <u>\$20.93</u> | <u>\$24.21</u> | <u>\$25.48</u> | <u>\$25.89</u> | <u>\$27.29</u> |
| PRODUCT TAXES | \$29.74 | \$41.18 | \$42.82 | \$43.17 | \$49.85 | \$43.81 | \$45.47 | \$50.68 | \$54.60 |
| % CHANGE | 10.8% | 38.5% | 4.0% | 0.8% | 15.5% | -12.1% | 3.8% | 11.5% | 7.7% |
| KILOWATT-HOUR TAX | \$2.02 | \$2.14 | \$2.43 | \$2.98 | \$1.92 | \$1.84 | \$1.92 | \$1.80 | \$1.90 |
| MINE LICENSE TAX | \$0.94 | \$1.80 | \$1.54 | \$2.02 | \$0.53 | \$0.52 | \$0.07 | \$0.40 | \$0.50 |
| INTEREST EARNINGS | \$0.76 | (\$1.32) | (\$0.43) | (\$0.60) | \$0.36 | (\$0.37) | (\$1.57) | (\$0.46) | \$0.68 |
| COURT FEES AND FINES | \$5.35 | \$5.38 | \$5.12 | \$4.85 | \$4.59 | \$4.36 | \$6.14 | \$5.77 | \$5.86 |
| INSURANCE PREMIUM TAX | \$55.48 | \$53.63 | \$54.12 | \$56.58 | \$55.62 | \$59.36 | \$61.75 | \$65.04 | \$66.35 |
| ALCOHOLIC BEVERAGE LICENSES | \$1.61 | \$1.47 | \$1.52 | \$1.56 | \$0.13 | \$0.00 | (\$0.00) | \$0.00 | \$0.00 |
| UCC FILINGS | \$2.42 | \$2.42 | \$2.41 | \$2.43 | \$2.54 | \$2.70 | \$2.76 | \$2.87 | \$2.97 |
| UNCLAIMED PROPERTY | \$1.78 | \$8.22 | \$4.51 | \$8.89 | \$7.00 | \$5.65 | \$6.29 | \$6.00 | \$6.00 |
| LANDS | \$0.98 | \$0.65 | \$0.62 | \$1.04 | \$0.83 | \$1.23 | \$0.72 | \$0.17 | \$0.15 |
| ONE-TIME TRANSFERS | \$1.43 | \$1.54 | \$4.88 | \$16.16 | \$4.53 | \$4.22 | \$1.99 | \$4.08 | \$0.00 |
| ESTATE TAX | \$0.24 | (\$0.17) | \$0.52 | (\$0.02) | \$0.06 | \$0.30 | \$0.00 | \$0.00 | \$0.00 |
| OTHER DEPTS & TRANSFERS | <u>\$31.70</u> | <u>\$32.71</u> | <u>\$30.43</u> | <u>\$27.90</u> | <u>\$29.45</u> | <u>\$28.51</u> | <u>\$26.20</u> | <u>\$27.77</u> | <u>\$28.02</u> |
| MISC. REVENUE | \$104.71 | \$108.47 | \$107.68 | \$123.78 | \$107.56 | \$108.33 | \$106.26 | \$113.45 | \$112.43 |
| % CHANGE | -13.2% | 3.6% | -0.7% | 15.0% | -13.1% | 0.7% | -1.9% | 6.8% | -0.9% |
| TOTAL GENERAL FUND* | \$2,465.57 | \$2,264.46 | \$2,444.47 | \$2,587.71 | \$2,750.28 | \$2,815.43 | \$3,056.77 | \$3,183.61 | \$3,340.37 |
| % CHANGE | -15.2% | -8.2% | 7.9% | 5.9% | 6.3% | 2.4% | 8.6% | 4.1% | 4.9% |

* Totals may not add due to rounding.

This page left blank intentionally.

INDIVIDUAL INCOME TAX

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

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

INDIVIDUAL INCOME TAX RATE HISTORY

| Tax Years | Tax Rates on the Portion of Taxable Income ¹ | | | | | | | | |
|-------------------|---|--------------------|--------------------|--------------------|--------------------|---------------------|----------------------|-----------------|----------|
| | \$0-1000 | \$1001-\$2000 | \$2001-\$3000 | \$3001-4000 | \$4001-5000 | \$5001-6000 | \$6001-7500 | \$7501- | \$20000+ |
| 1931 | 1.0% | 1.0% | 2.0% | 2.0% | 3.0% | 3.0% | 4.0% | 4.0% | 4.0% |
| 1933 | 1.0% | 2.0% | 3.0% | 4.0% | 5.0% | 6.0% | 6.0% | 6.0% | 6.0% |
| 1935 | 1.5% | 3.0% | 4.0% | 5.0% | 6.0% | 8.0% | 8.0% | 8.0% | 8.0% |
| 1955 ² | 1.61% | 3.23% | 4.30% | 5.38% | 6.45% | 8.60% | 8.60% | 8.60% | 8.60% |
| 1957 ³ | 2.0% | 4.0% | 5.5% | 6.6% | 7.7% | 8.8% | 8.8% | 8.8% | 8.8% |
| 1959 | 3.5% | 5.0% | 6.5% | 7.5% | 8.5% | 9.5% | 9.5% | 9.5% | 9.5% |
| 1963 | 3.4% | 5.5% | 7.2% | 8.25% | 9.35% | 10.5% | 10.5% | 10.5% | 10.5% |
| 1965 | 2.5% | 5.0% | 6.0% | 7.0% | 8.0% | 9.0% | 9.0% | 9.0% | 9.0% |
| 1972 | 2.0% | 4.0% | 4.5% | 5.5% | 6.5% | 7.5% | 7.5% | 7.5% | 7.5% |
| 1987 | 2.0% | 4.0% | 4.5% | 5.5% | 6.5% | 7.5% | 7.5% | 7.8% | 8.2% |
| 2000 | \$0-1022 | \$1023-2044 | \$2045-3066 | \$3067-4088 | \$4089-5110 | \$5111-7666 | \$7667-20,442 | \$20443+ | |
| | 1.9% | 3.9% | 4.4% | 5.4% | 6.4% | 7.4% | 7.7% | 8.1% | |
| 2001 | \$0-1056 | \$1057-2113 | \$2114-3169 | \$3170-4226 | \$4227-5282 | \$5283-7923 | \$7924-21129 | \$21130+ | |
| | 1.6% | 3.6% | 4.1% | 5.1% | 6.1% | 7.1% | 7.4% | 7.8% | |
| 2002 | \$0-1087 | \$1088-2173 | \$2174-3260 | \$3261-4346 | \$4347-5433 | \$5434-8149 | \$8150-21730 | \$21731+ | |
| 2003 | \$0-1104 | \$1105-2207 | \$2208-3311 | \$3312-4415 | \$4416-5518 | \$5519-8278 | \$8279-22074 | \$22075+ | |
| 2004 | \$0-1129 | \$1130-2258 | \$2259-3387 | \$3388-4515 | \$4516-5644 | \$5645-8466 | \$8467-22577 | \$22577+ | |
| 2005 | \$0-1158 | \$1159-2317 | \$2318-3476 | \$3477-4635 | \$4636-5793 | \$5794-8691 | \$8692-23177 | \$23178+ | |
| 2006 | \$0-1198 | \$1199-2396 | \$2397-3594 | \$3595-4793 | \$4794-5991 | \$5992-8986 | \$8987-23963 | \$23964+ | |
| 2007 | \$0-1237 | \$1238-2474 | \$2475-3710 | \$3711-4947 | \$4948-6184 | \$6185-9276 | \$9277-24736 | \$24737+ | |
| 2008 | \$0-1271 | \$1272-2543 | \$2544-3815 | \$3816-5087 | \$5088-6359 | \$6360-9539 | \$9540-25440 | \$25441+ | |
| 2009 | \$0-1320 | \$1321-2641 | \$2642-3962 | \$3963-5283 | \$5284-6603 | \$6604-9906 | \$9907-26417 | \$26418+ | |
| 2010 | \$0-1315 | \$1316-2631 | \$2632-3947 | \$3948-5263 | \$5264-6579 | \$6580-9869 | \$9870-26319 | \$26320+ | |
| 2011 | \$0-1337 | \$1338-2675 | \$2676-4013 | \$4014-5351 | \$5352-6689 | \$6690-10034 | \$10035-26759 | \$26760+ | |
| 2012 | \$0-1380 | \$1381-2760 | \$2761-4140 | \$4141-5520 | \$5521-6900 | \$6901-10349 | \$10350+ | | |
| 2013 | \$0-1409 | \$1410-2818 | \$2819-4227 | \$4228-5636 | \$5637-7045 | \$7046-10568 | \$10569+ | | |
| 2014 | \$0-1429 | \$1430-2858 | \$2859-4287 | \$4288-5716 | \$5717-7145 | \$7146-10718 | \$10719+ | | |
| 2015 | \$0-1452 | \$1453-2904 | \$2905-4356 | \$4357-5808 | \$5809-7260 | \$7261-10890 | \$10891+ | | |
| | 1.6% | 3.6% | 4.1% | 5.1% | 6.1% | 7.1% | 7.4% | | |

1. Income bracket amounts shown are for single and married filing separate returns.
For all other filing status returns double the income bracket amounts for each rate.
2. Rates shown include 7.5% surcharge on all brackets. Effective in 1955 and 1956.
3. Rates shown include 10% surcharge on brackets greater than \$2000. Effective in 1957 and 1958.

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

Although Idaho conforms to most of the federal income tax provisions for determining taxable income, a number of differences exist. Idaho's definition of taxable income excludes 100% of social security income, 60% of certain capital gains and 100% of interest earned on US government securities. For a complete delineation of Idaho's income tax structure, please refer to the Tax Structure section of this publication.

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

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

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

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

Basis of Projection:

The projections of General Fund revenue from the individual income tax for FY 2016 and FY 2017 are based on a combination of econometric analysis and judgment.

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

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

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

Historical Data:

INDIVIDUAL INCOME TAX

(\$ THOUSANDS)

| Year | | Gross Collections | Distributions | | | |
|------|------------|-------------------|------------------------|-------------|---------------------|-------------------------------|
| | | | Refunds | Gen. Fund | Perm. Building Fund | Misc. & "Check-Off" Donations |
| FY81 | Actual | 242,743.6 | 42,265.5 | 196,892.1 | 1,093.2 | 2,492.8 |
| FY82 | Actual | 264,162.3 | 45,074.0 | 215,835.5 | 1,082.1 | 2,170.7 |
| FY83 | Actual | 272,845.0 | 56,708.2 | 212,356.6 | 1,064.1 | 2,716.1 |
| FY84 | Actual | 287,957.0 | 54,732.2 | 230,002.0 | 3,008.0 | 214.8 |
| FY85 | Actual | 314,955.9 | 62,164.8 | 249,277.9 | 3,322.7 | 190.5 |
| FY86 | Actual | 324,704.5 | 63,132.6 | 258,065.2 | 3,275.8 | 230.9 |
| FY87 | Actual | 331,393.7 | 63,191.4 | 264,128.9 | 3,842.1 | 231.3 |
| FY88 | Actual | 340,376.7 | 50,486.1 | 287,156.0 | 2,581.4 | 153.2 |
| FY89 | Actual | 394,403.4 | 47,582.5 | 343,077.5 | 3,551.4 | 192.0 |
| FY90 | Actual | 459,019.4 | 56,873.5 | 398,284.0 | 3,668.1 | 193.8 |
| FY91 | Actual | 508,711.2 | 72,282.6 | 432,218.3 | 3,984.1 | 226.2 |
| FY92 | Actual | 543,233.5 | 80,435.4 | 459,438.2 | 3,157.0 | 202.9 |
| FY93 | Actual | 609,443.1 | 96,209.4 | 508,023.1 | 4,998.9 | 211.7 |
| FY94 | Actual | 671,419.7 | 107,859.3 | 559,166.6 | 4,215.4 | 178.4 |
| FY95 | Actual | 724,809.1 | 123,717.5 | 596,457.5 | 4,459.0 | 175.2 |
| FY96 | Actual | 770,804.9 | 115,072.5 | 650,850.0 | 4,708.5 | 173.9 |
| FY97 | Actual | 830,855.9 | 121,650.3 | 704,819.9 | 4,236.1 | 149.7 |
| FY98 | Actual | 914,961.2 | 133,761.8 ¹ | 776,192.0 | 4,817.3 | 190.1 |
| FY99 | Actual | 989,401.5 | 142,174.4 | 841,865.0 | 5,107.5 | 254.6 |
| FY00 | Actual | 1,113,448.3 | 147,853.6 | 960,163.7 | 5,041.1 | 389.9 |
| FY01 | Actual | 1,200,254.7 | 169,727.3 | 1,023,970.2 | 6,073.1 | 484.1 |
| FY02 | Actual | 1,033,900.3 | 191,524.7 | 835,854.8 | 5,636.6 | 884.2 |
| FY03 | Actual | 1,033,471.1 | 189,691.0 | 837,798.6 | 5,358.3 | 623.2 |
| FY04 | Actual | 1,097,096.6 | 189,116.2 | 902,125.5 | 5,346.8 | 508.0 |
| FY05 | Actual | 1,241,292.8 | 190,269.1 | 1,035,542.5 | 5,160.5 | 10,320.8 ² |
| FY06 | Actual | 1,425,769.1 | 203,019.6 | 1,216,486.7 | 5,408.6 | 854.2 |
| FY07 | Actual | 1,630,854.6 | 224,139.7 | 1,400,159.0 | 5,716.2 | 839.6 |
| FY08 | Actual | 1,705,036.2 | 267,118.5 | 1,429,738.8 | 6,389.6 | 1,789.4 |
| FY09 | Actual | 1,478,272.7 | 302,638.7 | 1,167,889.1 | 6,379.0 | 1,365.9 |
| FY10 | Actual | 1,370,681.4 | 301,304.4 | 1,061,875.2 | 6,064.8 | 1,437.0 |
| FY11 | Actual | 1,454,668.9 | 284,806.4 | 1,152,651.0 | 5,887.6 | 11,324.0 ² |
| FY12 | Actual | 1,514,529.5 | 300,615.5 | 1,206,406.5 | 5,793.3 | 1,714.2 |
| FY13 | Actual | 1,609,389.8 | 316,171.1 | 1,284,383.9 | 6,452.1 | 2,382.7 |
| FY14 | Actual | 1,654,830.0 | 317,555.4 | 1,329,264.6 | 6,297.4 | 1,712.8 |
| FY15 | Actual | 1,809,574.8 | 330,705.5 | 1,470,857.0 | 6,282.6 | 1,729.8 |
| FY16 | Projection | 1,884,809.0 | 352,429.6 | 1,523,904.8 | 6,370.6 | 2,104.1 |
| FY17 | Projection | 1,983,447.2 | 368,615.1 | 1,606,146.9 | 6,466.1 | 2,219.0 |

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

2. Includes the impact from a large lottery prize.

CORPORATE INCOME TAX

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

Collections from the corporate income tax are based on a flat rate of 7.4% applied to taxable income. For a listing of earlier rates refer to the following table. Beginning with tax year 1987, Idaho conformed to the changes made by the Tax Reform Act of 1986, except for the federal investment tax credit repeal. Idaho continues to allow a 3% credit that is tied to the federal definition of eligible property. Extra credits are also allowed for investments in broadband equipment, research activities, and job creation. See the Tax Structure section of this publication for details. Also, since September 1987, Idaho has required that corporations file quarterly payments of estimated taxes. This provision is based upon federal rules and was phased in over a two-year period.

CORPORATE INCOME TAX RATE HISTORY

| Greater Than But Not More Than | Tax Rates on the Portion of Income | | | | | | |
|--------------------------------------|--|--|---------|---------|---------|---------|---------|
| | \$0 | \$1,000 | \$2,000 | \$3,000 | \$4,000 | \$5,000 | \$6,000 |
| | | \$1,000 | \$2,000 | \$3,000 | \$4,000 | \$5,000 | \$6,000 |
| 1931 | 1.0% | 1.0% | 2.0% | 2.0% | 3.0% | 3.0% | 4.0% |
| 1933 | 1.0% | 2.0% | 3.0% | 4.0% | 5.0% | 6.0% | 6.0% |
| 1935 | 1.5% | 3.0% | 4.0% | 5.0% | 6.0% | 6.0% | 8.0% |
| 1954 | 1.28% | 2.55% | 3.40% | 4.25% | 5.10% | 5.10% | 6.80% |
| 1955 | 7.5% | Beginning of Single "Flat" Tax Rate on all Positive Net Taxable Income | | | | | |
| 1957 | 8.0% + 10% Surcharge in 1957 and 1958. | | | | | | |
| 1959 | 9.5% | | | | | | |
| 1963 | 10.5% | | | | | | |
| 1965 | 6.0% | | | | | | |
| 1972 | 6.5% | | | | | | |
| 1981 | 6.5% + 0.2% franchise tax up to \$250,000. | | | | | | |
| 1983 | 7.7% | | | | | | |
| 1987 | 8.0% | | | | | | |
| 2001 | 7.6% | | | | | | |
| 2012 | 7.4% | | | | | | |

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

Basis of Projection:

Projections of the General Fund revenue from the corporate income tax in FY 2016 and FY 2017 are based on a combination of econometric analysis and judgment.

Historical Data:

CORPORATE INCOME TAX

(\$ THOUSANDS)

| Year | | Gross Collections | Distributions | | | |
|------|------------|-------------------|---------------|-----------|---------------------|-------------------------|
| | | | Refunds | Gen. Fund | Perm. Building Fund | Multi-State Tax Compact |
| FY81 | Actual | 50,875.5 | 4,416.2 | 46,288.4 | 127.2 | 43.6 |
| FY82 | Actual | 45,602.0 | 5,418.2 | 40,010.6 | 146.4 | 26.3 |
| FY83 | Actual | 39,673.6 | 10,191.3 | 29,281.3 | 149.0 | 51.9 |
| FY84 | Actual | 42,226.7 | 15,504.7 | 26,535.3 | 116.6 | 70.1 |
| FY85 | Actual | 49,660.1 | 6,698.2 | 42,788.0 | 133.6 | 40.3 |
| FY86 | Actual | 50,253.2 | 6,900.6 | 43,138.4 | 150.2 | 63.9 |
| FY87 | Actual | 53,276.8 | 6,878.1 | 46,165.9 | 190.9 | 41.9 |
| FY88 | Actual | 74,230.7 | 10,070.2 | 63,906.1 | 160.3 | 94.0 |
| FY89 | Actual | 80,394.1 | 7,152.7 | 72,962.6 | 209.6 | 69.3 |
| FY90 | Actual | 82,635.9 | 9,914.5 | 72,492.0 | 212.3 | 17.2 |
| FY91 | Actual | 72,265.0 | 11,995.9 | 60,017.2 | 252.0 | 0.0 |
| FY92 | Actual | 71,443.1 | 13,162.9 | 57,971.3 | 194.2 | 114.7 |
| FY93 | Actual | 83,582.6 | 13,194.3 | 70,003.8 | 282.0 | 102.5 |
| FY94 | Actual | 102,772.3 | 14,870.6 | 87,628.2 | 196.8 | 76.7 |
| FY95 | Actual | 152,809.5 | 20,818.3 | 131,636.1 | 250.7 | 104.4 |
| FY96 | Actual | 173,392.5 | 21,128.3 | 151,979.2 | 246.7 | 38.3 |
| FY97 | Actual | 138,276.6 | 15,479.0 | 122,357.2 | 249.5 | 190.9 |
| FY98 | Actual | 136,996.0 | 19,301.9 | 117,286.4 | 283.7 | 124.0 |
| FY99 | Actual | 117,073.9 | 20,927.4 | 95,437.7 | 270.0 | 438.8 |
| FY00 | Actual | 149,355.2 | 23,495.3 | 124,872.9 | 303.6 | 683.4 |
| FY01 | Actual | 173,578.8 | 31,593.0 | 141,527.2 | 349.0 | 109.5 |
| FY02 | Actual | 110,751.2 | 33,982.3 | 76,295.6 | 312.0 | 161.4 |
| FY03 | Actual | 119,810.7 | 26,320.8 | 93,129.7 | 345.1 | 15.1 |
| FY04 | Actual | 126,911.5 | 23,127.1 | 103,015.0 | 367.8 | 401.6 |
| FY05 | Actual | 162,696.2 | 22,110.8 | 139,561.5 | 337.1 | 686.8 |
| FY06 | Actual | 211,505.2 | 13,202.5 | 194,125.1 | 340.8 | 3,836.7 |
| FY07 | Actual | 211,189.8 | 22,945.2 | 190,222.2 | 497.1 | -2,474.6 |
| FY08 | Actual | 212,879.8 | 22,685.5 | 189,283.5 | 471.1 | 439.7 |
| FY09 | Actual | 174,503.0 | 32,262.6 | 141,025.4 | 503.6 | 711.4 |
| FY10 | Actual | 136,835.2 | 38,507.9 | 97,021.0 | 490.3 | 816.0 |
| FY11 | Actual | 191,154.8 | 20,940.6 | 168,949.8 | 455.3 | 809.1 |
| FY12 | Actual | 206,626.7 | 18,037.3 | 187,014.2 | 453.3 | 1,122.0 |
| FY13 | Actual | 223,113.6 | 22,773.4 | 198,659.0 | 543.0 | 1,138.2 |
| FY14 | Actual | 217,543.7 | 27,209.0 | 188,291.4 | 479.1 | 1,564.2 |
| FY15 | Actual | 236,860.1 | 19,778.1 | 215,402.9 | 615.3 | 1,063.9 |
| FY16 | Projection | 243,031.4 | 24,667.1 | 216,504.9 | 623.9 | 1,235.6 |
| FY17 | Projection | 249,265.7 | 25,299.8 | 222,058.7 | 633.2 | 1,273.9 |

This page left blank intentionally.

SALES TAX

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

Idaho's sales tax rate is 6% and applies to the sale, rental, or lease of tangible personal property and some services. Net sales tax receipts are distributed in the following manner. Revenue sharing receives 11.5% of the net sales tax collections. The Permanent Building Fund is allocated \$5,000,000. The Water Pollution Control Fund receives \$4,800,000. Another \$8,487,103 funds the Agricultural Equipment Property Tax Exemption and \$18,921,801 is dedicated to Personal Property Tax Relief. Other distributions are made to fund the Demonstration Pilot Project and Election Consolidation. All remaining revenue accrues to the General Fund.

SALES TAX RATE AND DISTRIBUTION HISTORY

| Effective Date | Tax Rate | Gen. Fund | Perm. Building Fund | Revenue Sharing | Alloc. to Counties ¹ | Water Pollution Control Fund | Public School Income Fund | Agricultural Equipment Prop. Tax Exemption | Personal Property Tax Exemption | Misc. Dist. |
|----------------|-------------|-----------|---------------------|-----------------|---------------------------------|------------------------------|---------------------------|--|---------------------------------|-------------|
| Jul-1965 | <u>3.0%</u> | Bal. | <u>\$500,000</u> | | | | | | | 2,3 |
| Jul-1968 | 3.0% | Bal. | \$500,000 | | <u>5.0%</u> | | | | | 3 |
| Jul-1969 | 3.0% | Bal. | \$500,000 | | <u>10.0%</u> | | | | | 3 |
| Jul-1970 | 3.0% | Bal. | \$500,000 | | <u>15.0%</u> | | | | | 3 |
| Jul-1971 | 3.0% | Bal. | \$500,000 | | <u>20.0%</u> | | | | | 3 |
| Jul-1975 | 3.0% | Bal. | \$500,000 | | 20.0% | | | | | 3,5 |
| Jul-1976 | 3.0% | Bal. | \$500,000 | | 20.0% | | | | | 3,5 |
| Jul-1977 | 3.0% | Bal. | \$500,000 | | 20.0% | | | | | 3,4,5 |
| Jul-1980 | 3.0% | Bal. | \$500,000 | | <u>10.0%</u> | | <u>10.0%</u> | | | 3,4,5 |
| Mar-1983 | <u>4.0%</u> | Bal. | \$500,000 | | 10.0% | | 10.0% | | | 3,4,5 |
| Jun-1983 | <u>4.5%</u> | Bal. | \$500,000 | | 10.0% | | 10.0% | | | 3,4,5 |
| Jul-1984 | <u>4.0%</u> | Bal. | \$500,000 | <u>6.25%</u> | <u>7.5%</u> | <u>\$4,800,000</u> | | | | 4,5 |
| Apr-1986 | <u>5.0%</u> | Bal. | \$500,000 | 6.25% | 7.5% | \$4,800,000 | | | | 4,5 |
| Jul-1987 | 5.0% | Bal. | \$500,000 | <u>7.75%</u> | <u>6.0%</u> | \$4,800,000 | | | | 4,5 |
| Jul-1988 | 5.0% | Bal. | \$500,000 | 7.75% | 6.0% | \$4,800,000 | | | | 4,5,6 |
| Jul-1995 | 5.0% | Bal. | \$500,000 | 7.75% | 6.0% | \$4,800,000 | | | | 4,5,6 |
| Jul-1998 | 5.0% | Bal. | \$500,000 | 7.75% | 6.0% | \$4,800,000 | | | | 4,5,6 |
| Jul-2000 | 5.0% | Bal. | <u>\$5,000,000</u> | <u>13.75%</u> | <u>0.0%</u> | \$4,800,000 | | | | 4,5,6 |
| May-2003 | <u>6.0%</u> | Bal. | \$5,000,000 | 13.75% | 0.0% | \$4,800,000 | | | | 4,5,6 |
| Jun-2003 | 6.0% | Bal. | \$5,000,000 | <u>11.50%</u> | 0.0% | \$4,800,000 | | | | 4,5,6 |
| Jul-2004 | 6.0% | Bal. | \$5,000,000 | 11.50% | 0.0% | \$4,800,000 | | <u>\$13,448,453</u> | | 4,5,6 |
| Jul-2005 | <u>5.0%</u> | Bal. | \$5,000,000 | 11.50% | 0.0% | \$4,800,000 | | <u>\$13,448,453</u> | | 4,5,6 |
| Aug-2005 | 5.0% | Bal. | \$5,000,000 | <u>13.75%</u> | 0.0% | \$4,800,000 | | <u>\$13,448,453</u> | | 4,5,6 |
| Oct-2006 | <u>6.0%</u> | Bal. | \$5,000,000 | 13.75% | 0.0% | \$4,800,000 | | <u>\$13,448,453</u> | | 4,5,6 |
| Nov-2006 | 6.0% | Bal. | \$5,000,000 | <u>11.50%</u> | 0.0% | \$4,800,000 | | <u>\$8,487,103</u> | | 4,5,6 |
| Jul-2007 | 6.0% | Bal. | \$5,000,000 | 11.50% | 0.0% | \$4,800,000 | | <u>\$8,487,103</u> | | 4,5,6,8 |
| Jan-2013 | 6.0% | Bal. | \$5,000,000 | 11.50% | 0.0% | \$4,800,000 | | <u>\$8,487,103</u> | <u>\$18,933,640</u> | 4,5,6,7,8 |

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

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

Basis of Projection:

The projections of FY 2016 and FY 2017 net General Fund accruals from the sales tax are based on econometric analysis and judgment. Historic monthly gross collections data are first adjusted for changes in the tax rate and any major collection anomalies. Idaho personal income, housing starts, and seasonal factors are then used to predict gross sales tax collections. Projected refunds are subtracted from gross collections to arrive at net sales tax receipts. The balance remaining after each fund receives its statutory portion of the net receipts accrues to the General Fund.

Historical Data:

SALES TAX

(\$ THOUSANDS)

| Year | Gross Collections | Distributions | | | | | | | | | | | |
|------|-------------------|---------------|-----------|---------------------|-----------------|--------------------|------------------------------|-----------------|---------------------------------|--|-----------------------|--|---------------------------|
| | | Refunds | Gen. Fund | Perm. Building Fund | Revenue Sharing | Alloc. to Counties | Water Pollution Control Fund | Circuit Breaker | Personal Property Tax Exemption | Agricultural Equipment Prop. Tax Exemption | Misc. Dist. | | |
| FY81 | Actual | 145,008.0 | 220.5 | 97,679.3 | 500.0 | | 14,476.0 | | | | | | 32,132.2 ^{1,2} |
| FY82 | Actual | 146,206.9 | 311.8 | 98,720.2 | 500.0 | | 14,607.4 | | | | | | 32,067.5 ^{1,2} |
| FY83 | Actual | 165,441.1 | 181.2 | 115,407.0 | 500.0 | | 15,266.3 | | | | | | 34,086.6 ^{1,2} |
| FY84 | Actual | 241,838.4 | 596.2 | 188,422.1 | 500.0 | | 16,192.2 | | | | | | 36,127.9 ^{1,2} |
| FY85 | Actual | 238,544.3 | 449.7 | 200,026.6 | 500.0 | 14,876.1 | 17,851.5 | 4,800.0 | | | | | 40.4 ³ |
| FY86 | Actual | 250,490.1 | 516.8 | 211,564.2 | 500.0 | 15,036.7 | 18,044.1 | 4,800.0 | | | | | 28.3 ³ |
| FY87 | Actual | 297,892.0 | 538.4 | 259,358.6 | 500.0 | 14,853.3 | 17,827.1 | 4,800.0 | | | | | 14.6 ³ |
| FY88 | Actual | 311,391.2 | 672.5 | 258,770.8 | 500.0 | 24,084.4 | 18,637.1 | 4,800.0 | 3,890.1 | | | | 36.2 ³ |
| FY89 | Actual | 346,682.3 | 882.4 | 288,780.3 | 500.0 | 26,785.4 | 20,737.1 | 4,800.0 | 4,171.7 | | | | 25.4 ³ |
| FY90 | Actual | 383,096.0 | 1,664.0 | 319,290.7 | 500.0 | 29,540.7 | 22,870.2 | 4,800.0 | 4,335.5 | | | | 94.9 ³ |
| FY91 | Actual | 404,146.4 | 3,403.1 | 335,739.5 | 500.0 | 31,036.1 | 24,028.3 | 4,800.0 | 4,491.1 | | | | 148.3 ³ |
| FY92 | Actual | 435,715.5 | 1,799.1 | 364,323.0 | 500.0 | 33,612.2 | 26,022.6 | 4,800.0 | 4,606.1 | | | | 52.5 ³ |
| FY93 | Actual | 481,357.9 | 1,163.9 | 402,819.5 | 500.0 | 37,195.6 | 28,796.9 | 4,800.0 | 6,031.2 | | | | 50.8 ³ |
| FY94 | Actual | 541,503.6 | 1,739.0 | 452,684.8 | 500.0 | 41,789.3 | 32,353.2 | 4,800.0 | 7,504.3 | | | | 132.9 ³ |
| FY95 | Actual | 576,202.9 | 1,767.4 | 481,958.1 | 500.0 | 44,500.8 | 34,452.2 | 4,800.0 | 8,241.1 | | | | -16.6 ³ |
| FY96 | Actual | 602,573.0 | 2,114.2 | 462,999.7 | 500.0 | 46,554.3 | 36,023.2 | 4,800.0 | 8,807.0 | 0.0 | | | 40,774.7 ³ |
| FY97 | Actual | 624,631.8 | 2,109.4 | 476,726.1 | 500.0 | 48,240.6 | 37,347.6 | 4,800.0 | 9,609.0 | 0.0 | | | 45,299.1 ³ |
| FY98 | Actual | 655,182.6 | 2,023.6 | 496,807.8 | 500.0 | 50,572.4 | 39,152.8 | 4,800.0 | 10,331.1 | 0.0 | | | 50,994.9 ³ |
| FY99 | Actual | 704,734.8 | 2,784.7 | 588,796.7 | 500.0 | 54,237.7 | 41,979.4 | 4,800.0 | 10,891.7 | 0.0 | | | 744.6 ³ |
| FY00 | Actual | 750,125.9 | 2,741.7 | 627,503.0 | 500.0 | 57,852.8 | 44,754.6 | 4,800.0 | 11,481.2 | 0.0 | | | 492.7 ³ |
| FY01 | Actual | 778,886.9 | 3,464.1 | 647,293.8 | 5,000.0 | 106,024.7 | 0.0 | 4,800.0 | 11,711.3 | 0.0 | | | 593.0 ³ |
| FY02 | Actual | 791,623.6 | 4,103.4 | 657,119.2 | 5,000.0 | 108,500.4 | 0.0 | 4,800.0 | 11,983.5 | 0.0 | | | 117.0 ³ |
| FY03 | Actual | 839,180.9 | 3,119.1 | 700,240.7 | 5,000.0 | 112,947.4 | 0.0 | 4,800.0 | 12,787.1 | 0.0 | | | 286.6 ³ |
| FY04 | Actual | 1,032,987.5 | 4,312.6 | 886,079.0 | 5,000.0 | 117,825.4 | 0.0 | 4,800.0 | 14,097.7 | 0.0 | | | 872.8 ³ |
| FY05 | Actual | 1,125,317.0 | 3,478.3 | 950,825.2 | 5,000.0 | 128,485.1 | 0.0 | 4,800.0 | 14,995.3 | 0.0 | 16,810.6 ⁴ | | 922.5 ³ |
| FY06 | Actual | 1,071,204.9 | 7,667.2 | 880,772.9 | 5,000.0 | 143,195.3 | 0.0 | 4,800.0 | 15,466.7 | 0.0 | 13,448.5 | | 854.4 ³ |
| FY07 | Actual | 1,272,854.7 | 5,029.1 | 1,077,455.9 | 5,000.0 | 154,818.1 | 0.0 | 4,800.0 | 15,402.7 | 0.0 | 9,727.4 | | 621.5 ³ |
| FY08 | Actual | 1,339,278.0 | 9,606.4 | 1,141,439.7 | 5,000.0 | 152,578.2 | 0.0 | 4,800.0 | 15,405.6 | 0.0 | 8,487.1 | | 1,961.1 ^{3,5} |
| FY09 | Actual | 1,201,248.3 | 5,963.3 | 1,022,201.6 | 5,000.0 | 136,994.7 | 0.0 | 4,800.0 | 15,459.1 | 0.0 | 8,487.1 | | 2,342.5 ^{3,5} |
| FY10 | Actual | 1,123,885.3 | 3,088.4 | 955,908.7 | 5,000.0 | 128,496.0 | 0.0 | 4,800.0 | 15,706.9 | 0.0 | 8,487.1 | | 2,398.2 ^{3,5} |
| FY11 | Actual | 1,166,271.5 | 21,124.1 | 972,379.8 | 5,000.0 | 131,214.7 | 0.0 | 4,800.0 | 16,001.7 | 0.0 | 8,487.1 | | 7,264.1 ^{3,5,6} |
| FY12 | Actual | 1,216,228.3 | 8,738.5 | 1,027,344.3 | 5,000.0 | 138,440.4 | 0.0 | 4,800.0 | 16,069.8 | 0.0 | 8,487.1 | | 7,348.3 ^{3,5,6} |
| FY13 | Actual | 1,313,372.0 | 11,087.6 | 1,109,828.5 | 5,000.0 | 149,426.5 | 0.0 | 4,800.0 | 15,901.5 | 0.0 | 8,487.1 | | 8,840.8 ^{3,5,6} |
| FY14 | Actual | 1,369,521.6 | 3,780.6 | 1,145,731.8 | 5,000.0 | 156,568.6 | 0.0 | 4,800.0 | 15,728.2 | 18,933.6 | 8,487.1 | | 10,491.7 ^{3,5,6} |
| FY15 | Actual | 1,456,971.4 | 5,534.5 | 1,218,769.7 | 5,000.0 | 166,329.4 | 0.0 | 4,800.0 | 16,318.8 | 18,921.8 | 8,487.1 | | 12,810.1 ^{3,5,6} |
| FY16 | Projection | 1,528,785.4 | 8,169.7 | 1,279,072.7 | 5,000.0 | 174,870.8 | 0.0 | 4,800.0 | 16,563.9 | 18,921.8 | 8,487.1 | | 12,899.4 ^{3,5,6} |
| FY17 | Projection | 1,604,470.1 | 8,550.3 | 1,345,130.3 | 5,000.0 | 183,530.8 | 0.0 | 4,800.0 | 16,845.5 | 18,921.8 | 8,487.1 | | 13,204.4 |

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

CIGARETTE TAX

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

Idaho's cigarette tax rate is 57 cents per pack of 20 cigarettes. In each fiscal year through FY 2019 the cigarette tax is distributed as follows. The Public School Income Fund and Department of Juvenile Corrections each receive \$3,315,000. The Permanent Building Fund receives \$5,000,000. The Central Tumor Registry Fund receives \$120,000. The Cancer Control Fund receives \$300,000. The General Fund receives an amount needed to fund the Bond Levy Equalization Program. All remaining revenues are distributed as follows. The first \$4,700,000 is deposited in the Grant Anticipation Revenue Vehicle (GARVEE) Debt Service Fund. The next \$5,000,000 is dedicated to the Secondary Aquifer Planning, Management, and Implementation Fund. All remaining revenue is deposited into the State Highway Account. After FY 2019, the cigarette tax is distributed as follows. The Public School Income Fund and Department of Juvenile Corrections each receive \$3,315,000. The remaining amount per pack after refunds is distributed as follows: the Permanent Building Fund receives 17.3%; the Central Tumor Registry Fund receives 0.4% (to a maximum of the legislative appropriation); the Cancer Control Fund receives 1%; and the General Fund receives an amount needed to fund the Bond Levy Equalization Program. All remaining revenues are directed to the Economic Recovery Reserve Fund.

CIGARETTE TAX RATE AND DISTRIBUTION HISTORY

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

1. From March 1, 1987 to July 1, 1987 the additional \$0.00445 per cigarette is directed to the General Fund.
2. The Central Tumor Registry Fund receives the lesser of its percentage or its dollar cap.
3. On July 1, 1994 the \$110,000 limit was replaced with a limit not to exceed the legislative appropriation.
4. Receives balance until the Capitol restoration is funded.
5. Fixed distribution to Public School Income and County Juvenile Probation Funds replaces per cigarette distribution.
6. These distributions take place after the Capitol restoration is funded.

Basis of Projection:

Gross cigarette tax collections for FY 2016 and FY 2017 are based on a subjective assessment of recent collections history, Idaho population growth, cigarette taxes in border states, and the trend toward decreased per capita cigarette consumption. The amount of receipts directed to the General Fund is set annually by statute.

Historical Data:

CIGARETTE TAX

(\$ THOUSANDS)

| Year | | Gross Collections | Distributions | | | | | | | | | | | | | | |
|------|------------|-------------------|---------------|--------------------------|--------------------------------|---------|------------------------------|---------------------|-----------------------------|---------------------------|--------------------------------|--------------------------------|--------------------------|--------------|-----------------------|--|--|
| | | | Gen. Fund | Base Perm. Building Fund | Additional Perm. Building Fund | Refunds | Water Pollution Control Fund | Cancer Control Fund | Central Tumor Registry Fund | Public School Income Fund | County Juvenile Probation Fund | Economic Recovery Reserve Fund | GARVEE Debt Service Fund | Aquifer Fund | State Highway Account | | |
| FY81 | Actual | 9,331.1 | 6,802.3 | 1,017.8 | 0.0 | 70.7 | 1,017.8 | 337.6 | 85.0 | | | | | | | | |
| FY82 | Actual | 9,244.3 | 6,717.1 | 1,004.7 | 0.0 | 99.5 | 1,004.7 | 333.2 | 85.0 | | | | | | | | |
| FY83 | Actual | 9,288.9 | 6,746.1 | 1,010.8 | 0.0 | 91.0 | 1,010.8 | 335.3 | 95.0 | | | | | | | | |
| FY84 | Actual | 8,989.8 | 6,523.7 | 978.0 | 0.0 | 90.8 | 978.0 | 324.4 | 95.0 | | | | | | | | |
| FY85 | Actual | 8,854.8 | 6,405.2 | 960.1 | 0.0 | 114.9 | 960.1 | 318.5 | 96.0 | | | | | | | | |
| FY86 | Actual | 8,536.9 | 6,150.2 | 922.3 | 0.0 | 143.9 | 922.3 | 305.9 | 92.2 | | | | | | | | |
| FY87 | Actual | 10,552.8 | 8,193.4 | 911.8 | 0.0 | 142.2 | 911.8 | 302.4 | 91.2 | | | | | | | | |
| FY88 | Actual | 15,033.9 | 6,921.0 | 6,399.8 | 0.0 | 253.8 | 989.8 | 369.5 | 100.0 | | | | | | | | |
| FY89 | Actual | 14,782.8 | 6,792.8 | 6,283.4 | 0.0 | 271.6 | 972.3 | 362.8 | 100.0 | | | | | | | | |
| FY90 | Actual | 12,738.7 | 5,884.3 | 5,464.3 | 0.0 | 119.1 | 845.5 | 315.5 | 110.0 | | | | | | | | |
| FY91 | Actual | 14,696.2 | 6,863.4 | 6,356.8 | 0.0 | 15.4 | 983.6 | 367.0 | 110.0 | | | | | | | | |
| FY92 | Actual | 15,205.6 | 7,072.3 | 6,547.2 | 0.0 | 85.0 | 1,013.1 | 378.0 | 110.0 | | | | | | | | |
| FY93 | Actual | 15,029.6 | 6,995.1 | 6,490.5 | 0.0 | 40.0 | 1,004.3 | 374.7 | 125.0 | | | | | | | | |
| FY94 | Actual | 16,394.3 | 7,605.6 | 7,047.1 | 0.0 | 119.4 | 1,090.4 | 406.9 | 125.0 | | | | | | | | |
| FY95 | Actual | 23,270.6 | 7,245.6 | 6,733.5 | 0.0 | 63.8 | 1,041.9 | 388.8 | 141.0 | 6,537.6 | 1,118.4 | | | | | | |
| FY96 | Actual | 25,228.0 | 7,476.5 | 6,944.0 | 0.0 | 281.9 | 1,074.5 | 400.9 | 141.0 | 4,454.6 | 4,454.6 | | | | | | |
| FY97 | Actual | 25,053.3 | 7,486.5 | 6,953.0 | 0.0 | 74.7 | 1,075.9 | 401.4 | 141.0 | 4,460.4 | 4,460.4 | | | | | | |
| FY98 | Actual | 24,951.0 | 7,476.9 | 6,944.3 | 0.0 | 3.7 | 1,074.5 | 400.9 | 141.0 | 4,454.8 | 4,454.8 | | | | | | |
| FY99 | Actual | 24,195.2 | 7,230.0 | 6,732.5 | 0.0 | 8.9 | 1,041.7 | 388.7 | 155.5 | 4,318.9 | 4,318.9 | | | | | | |
| FY00 | Actual | 24,417.9 | 7,295.4 | 6,789.7 | 0.0 | 22.3 | 1,050.6 | 392.0 | 156.6 | 4,355.7 | 4,355.7 | | | | | | |
| FY01 | Actual | 23,550.6 | 7,980.8 | 6,495.7 | 0.0 | 214.9 | 0.0 | 375.0 | 150.0 | 4,167.1 | 4,167.1 | | | | | | |
| FY02 | Actual | 23,410.3 | 8,000.5 | 6,511.7 | 0.0 | 17.0 | 0.0 | 376.0 | 150.4 | 4,177.3 | 4,177.3 | | | | | | |
| FY03 | Actual | 24,215.0 | 8,259.9 | 6,722.9 | 0.0 | 63.1 | 0.0 | 388.2 | 155.3 | 4,312.8 | 4,312.8 | | | | | | |
| FY04 | Actual | 45,718.9 | 30,040.5 | 6,402.0 | 0.0 | 254.0 | 0.0 | 370.1 | 148.0 | 4,252.1 | 4,252.1 | 0.0 | | | | | |
| FY05 | Actual | 45,200.9 | 7,814.9 | 6,362.3 | 0.0 | 45.2 | 0.0 | 367.8 | 147.1 | 4,209.9 | 4,209.9 | 22,043.9 | | | | | |
| FY06 | Actual | 46,372.0 | 7,983.4 | 6,499.5 | 0.0 | 105.3 | 0.0 | 375.7 | 150.3 | 4,348.8 | 4,348.8 | 22,560.3 | | | | | |
| FY07 | Actual | 47,731.8 | 1,000.0 | 6,703.4 | 30,501.9 | 8.8 | 0.0 | 387.5 | 155.0 | 4,487.6 | 4,487.6 | 0.0 | | | | | |
| FY08 | Actual | 46,216.4 | 6,535.0 | 6,486.7 | 23,948.9 | 106.2 | 0.0 | 375.0 | 150.0 | 4,307.3 | 4,307.3 | 0.0 | | | | | |
| FY09 | Actual | 44,391.9 | 7,770.0 | 6,233.1 | 21,521.8 | 4.4 | 0.0 | 360.3 | 144.1 | 4,179.1 | 4,179.1 | 0.0 | | | | | |
| FY10 | Actual | 39,697.2 | 16,900.0 | 5,563.3 | 9,244.4 | 39.4 | 0.0 | 321.6 | 128.6 | 3,749.9 | 3,749.9 | 0.0 | | | | | |
| FY11 | Actual | 39,476.7 | 14,400.0 | 5,540.1 | 11,635.1 | 16.1 | 0.0 | 320.2 | 128.1 | 3,718.6 | 3,718.6 | 0.0 | | | | | |
| FY12 | Actual | 38,250.3 | 11,600.0 | 5,369.9 | 13,635.6 | 3.0 | 0.0 | 310.4 | 124.2 | 3,603.6 | 3,603.6 | 0.0 | | | | | |
| FY13 | Actual | 37,846.0 | 13,077.0 | 5,305.9 | 11,857.7 | 1.2 | 0.0 | 306.7 | 122.7 | 3,587.4 | 3,587.4 | 0.0 | | | | | |
| FY14 | Actual | 36,471.0 | 3,695.6 | 5,207.9 | 20,778.7 | 5.0 | 0.0 | 301.0 | 120.4 | 3,181.2 | 3,181.2 | 0.0 | | | | | |
| FY15 | Actual | 36,363.6 | 3,337.6 | 5,000.0 | 9,960.7 | 0.4 | 0.0 | 300.0 | 120.0 | 3,315.0 | 3,315.0 | 0.0 | 4,700.0 | 5,000.0 | 1,315.0 | | |
| FY16 | Projection | 34,652.6 | 7,900.0 | 5,000.0 | 0.0 | 75.1 | 0.0 | 300.0 | 120.0 | 3,315.0 | 3,315.0 | 0.0 | 4,700.0 | 5,000.0 | 4,927.5 | | |
| FY17 | Projection | 33,316.5 | 9,947.5 | 5,000.0 | 0.0 | 75.1 | 0.0 | 300.0 | 120.0 | 3,315.0 | 3,315.0 | 0.0 | 4,700.0 | 5,000.0 | 1,543.8 | | |

TOBACCO PRODUCTS TAX

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

Idaho levies a 35% tax on the wholesale price of tobacco products, except for cigarettes. This entire amount, net of refunds, is remitted to the General Fund. An additional 5% of the wholesale price is also collected. Half of this additional amount is earmarked for the Public School Income Fund, with \$200,000 appropriated to Idaho State Police and \$80,000 to the Commission on Hispanic Affairs. The other half of the 5% collected is distributed to the Department of Juvenile Corrections for county juvenile probation services.

TOBACCO TAX RATE AND DISTRIBUTION HISTORY

| Effective Date | Percent of Wholesale Price Distributed to Fund | | | |
|----------------|--|-----------|---------------------------|--------------------------------|
| | Water Pollution Control Fund | Gen. Fund | Public School Income Fund | County Juvenile Probation Fund |
| Jul-1972 | 35.0% | 0.0% | 0.0% | 0.0% |
| Jul-1994 | 35.0% | 0.0% | 5.0% | 0.0% |
| Mar-1995 | 35.0% | 0.0% | 2.5% | 2.5% |
| Jul-1996 | 35.0% | 0.0% | 2.5% ¹ | 2.5% |
| Jul-2000 | 0.0% | 35.0% | 2.5% ¹ | 2.5% |
| Jul-2014 | 0.0% | 35.0% | 2.5% ² | 2.5% |

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

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

Basis of Projection:

The projections of General Fund revenues from this source for FY 2016 and FY 2017 are based on a subjective assessment of recent collections history and forecasted national tobacco expenditures.

Historical Data:

TOBACCO TAX

\$ THOUSANDS

| Year | | Gross Collections | Distributions | | | | |
|------|------------|-------------------|---------------|---------|------------------------------|---------------------------|--------------------------------|
| | | | Gen. Fund | Refunds | Water Pollution Control Fund | Public School Income Fund | County Juvenile Probation Fund |
| FY81 | Actual | | 0.0 | | | 0.0 | 0.0 |
| FY82 | Actual | | 0.0 | | | 0.0 | 0.0 |
| FY83 | Actual | | 0.0 | | | 0.0 | 0.0 |
| FY84 | Actual | | 0.0 | | | 0.0 | 0.0 |
| FY85 | Actual | | 0.0 | | | 0.0 | 0.0 |
| FY86 | Actual | 1,350.7 | 0.0 | 7.7 | 1,343.0 | 0.0 | 0.0 |
| FY87 | Actual | 1,401.4 | 0.0 | 1.3 | 1,400.1 | 0.0 | 0.0 |
| FY88 | Actual | 1,533.2 | 0.0 | 1.6 | 1,531.5 | 0.0 | 0.0 |
| FY89 | Actual | 1,556.8 | 0.0 | 0.1 | 1,556.7 | 0.0 | 0.0 |
| FY90 | Actual | 1,778.4 | 0.0 | 3.9 | 1,774.5 | 0.0 | 0.0 |
| FY91 | Actual | 1,934.4 | 0.0 | 49.4 | 1,885.0 | 0.0 | 0.0 |
| FY92 | Actual | 2,235.8 | 0.0 | 4.3 | 2,231.5 | 0.0 | 0.0 |
| FY93 | Actual | 2,475.5 | 0.0 | 5.6 | 2,469.9 | 0.0 | 0.0 |
| FY94 | Actual | 2,874.6 | 0.0 | 15.5 | 2,859.0 | 0.0 | 0.0 |
| FY95 | Actual | 3,605.4 | 0.0 | 2.3 | 3,167.1 | 381.8 | 54.2 |
| FY96 | Actual | 3,825.7 | 0.0 | 5.0 | 3,343.1 | 238.8 | 238.8 |
| FY97 | Actual | 4,001.8 | 0.0 | 89.3 | 3,423.4 | 244.5 | 244.5 |
| FY98 | Actual | 4,070.5 | 0.0 | 56.0 | 3,512.7 | 250.9 | 250.9 |
| FY99 | Actual | 4,307.6 | 0.0 | 3.2 | 3,766.4 | 269.0 | 269.0 |
| FY00 | Actual | 4,391.1 | 0.0 | 7.3 | 3,835.8 | 274.0 | 274.0 |
| FY01 | Actual | 4,723.0 | 4,062.8 | 79.8 | 0.0 | 290.2 | 290.2 |
| FY02 | Actual | 4,946.8 | 4,313.1 | 17.5 | 0.0 | 308.1 | 308.1 |
| FY03 | Actual | 5,336.8 | 4,666.1 | 4.2 | 0.0 | 333.3 | 333.3 |
| FY04 | Actual | 6,285.5 | 5,489.1 | 12.2 | 0.0 | 392.1 | 392.1 |
| FY05 | Actual | 6,582.7 | 5,747.4 | 14.1 | 0.0 | 410.5 | 410.5 |
| FY06 | Actual | 7,041.4 | 6,156.0 | 6.0 | 0.0 | 439.7 | 439.7 |
| FY07 | Actual | 7,531.4 | 6,548.2 | 47.8 | 0.0 | 467.7 | 467.7 |
| FY08 | Actual | 8,349.6 | 7,200.5 | 120.4 | 0.0 | 514.3 | 514.3 |
| FY09 | Actual | 8,467.0 | 7,358.3 | 57.5 | 0.0 | 525.6 | 525.6 |
| FY10 | Actual | 8,961.9 | 7,819.0 | 25.9 | 0.0 | 558.5 | 558.5 |
| FY11 | Actual | 9,849.1 | 8,475.5 | 162.8 | 0.0 | 605.4 | 605.4 |
| FY12 | Actual | 10,204.3 | 8,925.5 | 3.7 | 0.0 | 637.5 | 637.5 |
| FY13 | Actual | 11,460.3 | 10,013.0 | 16.8 | 0.0 | 715.2 | 715.2 |
| FY14 | Actual | 11,317.9 | 9,883.8 | 22.2 | 0.0 | 706.0 | 706.0 |
| FY15 | Actual | 12,024.6 | 10,504.5 | 19.4 | 0.0 | 750.3 | 750.3 |
| FY16 | Projection | 12,528.4 | 10,942.1 | 20.3 | 0.0 | 783.0 | 783.0 |
| FY17 | Projection | 12,844.3 | 11,218.4 | 20.3 | 0.0 | 802.8 | 802.8 |

BEER TAX

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

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

BEER TAX RATE AND DISTRIBUTION HISTORY

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

Basis of Projection:

The projections of General Fund revenue from this source for FY 2016 and FY 2017 are based on an assessment of recent collections, Idaho personal income, and a trend factor.

Historical Data:

BEER TAX

(\$ THOUSANDS)

| Year | | Gross Collections | Distributions | | | | |
|------|------------|-------------------|---------------|---------------------|---------|---------------------------|--------------------------------|
| | | | Gen. Fund | Perm. Building Fund | Refunds | Alcoholism Treatment Fund | Substance Abuse Treatment Fund |
| FY81 | Actual | 3,215.4 | 1,498.8 | 1,068.9 | 4.7 | 642.9 | |
| FY82 | Actual | 3,574.6 | 1,669.0 | 1,190.5 | 0.9 | 714.3 | |
| FY83 | Actual | 3,532.0 | 1,650.3 | 1,176.0 | 0.0 | 705.6 | |
| FY84 | Actual | 3,442.5 | 1,607.0 | 1,147.1 | 0.0 | 688.3 | |
| FY85 | Actual | 3,422.2 | 1,597.5 | 1,140.1 | 0.5 | 684.1 | |
| FY86 | Actual | 3,312.6 | 1,545.5 | 1,103.5 | 1.6 | 662.1 | |
| FY87 | Actual | 3,311.6 | 1,554.9 | 1,091.8 | 3.2 | 661.7 | |
| FY88 | Actual | 3,251.7 | 1,527.6 | 1,072.6 | 1.4 | 650.0 | |
| FY89 | Actual | 3,244.5 | 1,509.9 | 1,060.1 | 31.9 | 642.5 | |
| FY90 | Actual | 3,304.6 | 1,552.1 | 1,089.8 | 2.2 | 660.5 | |
| FY91 | Actual | 3,414.7 | 1,602.5 | 1,125.2 | 5.1 | 681.9 | |
| FY92 | Actual | 3,525.6 | 1,656.9 | 1,163.4 | 0.3 | 705.1 | |
| FY93 | Actual | 3,621.6 | 1,701.6 | 1,194.7 | 1.2 | 724.1 | |
| FY94 | Actual | 3,643.1 | 1,711.8 | 1,201.9 | 1.0 | 728.4 | |
| FY95 | Actual | 3,521.7 | 1,654.1 | 1,161.4 | 2.3 | 703.9 | |
| FY96 | Actual | 3,455.6 | 1,620.9 | 1,138.1 | 7.0 | 689.7 | |
| FY97 | Actual | 3,468.6 | 1,629.9 | 1,144.4 | 0.8 | 693.6 | |
| FY98 | Actual | 3,445.8 | 1,619.4 | 1,137.0 | 0.2 | 689.1 | |
| FY99 | Actual | 3,585.6 | 1,683.9 | 1,182.3 | 2.8 | 716.5 | |
| FY00 | Actual | 3,737.0 | 1,754.2 | 1,231.7 | 4.6 | 746.5 | |
| FY01 | Actual | 3,866.4 | 1,816.5 | 1,275.4 | 1.4 | 773.0 | |
| FY02 | Actual | 3,993.7 | 1,876.7 | 1,317.7 | 0.6 | 798.6 | |
| FY03 | Actual | 4,070.9 | 1,912.8 | 1,343.1 | 1.0 | 814.0 | |
| FY04 | Actual | 4,159.9 | 1,955.0 | 1,372.7 | 0.3 | 831.9 | |
| FY05 | Actual | 4,142.1 | 1,946.3 | 1,366.6 | 1.0 | 828.2 | |
| FY06 | Actual | 4,245.6 | 1,985.5 | 1,394.0 | 21.2 | 844.9 | |
| FY07 | Actual | 4,542.1 | 2,133.5 | 1,498.0 | 2.6 | 907.9 | |
| FY08 | Actual | 4,587.6 | 2,147.6 | 1,507.9 | 18.3 | 0.0 | 913.9 |
| FY09 | Actual | 4,353.8 | 2,038.8 | 1,431.5 | 15.9 | 0.0 | 867.6 |
| FY10 | Actual | 4,404.2 | 2,069.7 | 1,453.2 | 0.5 | 0.0 | 880.7 |
| FY11 | Actual | 4,213.9 | 1,971.1 | 1,383.9 | 20.1 | 0.0 | 838.8 |
| FY12 | Actual | 4,138.7 | 1,944.1 | 1,365.0 | 2.2 | 0.0 | 827.3 |
| FY13 | Actual | 4,104.8 | 1,927.8 | 1,353.5 | 3.2 | 0.0 | 820.3 |
| FY14 | Actual | 4,025.0 | 1,890.9 | 1,327.7 | 1.8 | 0.0 | 804.6 |
| FY15 | Actual | 4,066.8 | 1,911.3 | 1,342.0 | 0.2 | 0.0 | 813.3 |
| FY16 | Projection | 3,779.9 | 1,775.1 | 1,246.3 | 3.1 | 0.0 | 755.4 |
| FY17 | Projection | 3,956.1 | 1,857.9 | 1,304.5 | 3.1 | 0.0 | 790.6 |

WINE TAX

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

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

WINE TAX RATE AND DISTRIBUTION HISTORY

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

Basis of Projection:

The projections of General Fund revenue from this source for FY 2016 and FY 2017 are based on a trend analysis of historical sales.

Historical Data:

WINE TAX

(\$ THOUSANDS)

| Year | | Gross Collections | Distributions | | | | |
|------|------------|-------------------|---------------|---------|---------------------------|--------------------------------|---|
| | | | Gen. Fund | Refunds | Alcoholism Treatment Fund | Substance Abuse Treatment Fund | ID Grape Growers & Wine Producers Commission Fund |
| FY81 | Actual | 609.0 | 526.9 | 14.6 | 67.5 | | |
| FY82 | Actual | 759.1 | 675.3 | 0.0 | 83.8 | | |
| FY83 | Actual | 778.1 | 692.2 | 0.0 | 85.9 | | |
| FY84 | Actual | 837.5 | 744.7 | 0.0 | 92.9 | | |
| FY85 | Actual | 872.4 | 767.0 | 6.2 | 99.2 | | |
| FY86 | Actual | 955.2 | 844.7 | 0.9 | 109.6 | | |
| FY87 | Actual | 985.4 | 862.1 | 5.7 | 117.6 | | |
| FY88 | Actual | 989.1 | 866.7 | 4.2 | 118.2 | | |
| FY89 | Actual | 905.9 | 788.7 | 9.6 | 107.6 | | |
| FY90 | Actual | 880.7 | 771.3 | 4.2 | 105.2 | | |
| FY91 | Actual | 853.2 | 750.1 | 0.8 | 102.3 | | |
| FY92 | Actual | 907.1 | 753.1 | 51.3 | 102.7 | | |
| FY93 | Actual | 856.4 | 750.5 | 3.5 | 102.3 | | |
| FY94 | Actual | 918.4 | 806.2 | 2.2 | 109.9 | | |
| FY95 | Actual | 1,375.5 | 1,140.5 | 0.7 | 165.0 | 69.3 | |
| FY96 | Actual | 1,840.4 | 1,524.1 | 4.2 | 220.3 | 91.8 | |
| FY97 | Actual | 2,005.4 | 1,663.7 | 1.0 | 240.5 | 100.2 | |
| FY98 | Actual | 2,170.7 | 1,800.8 | 1.0 | 260.4 | 108.5 | |
| FY99 | Actual | 2,294.1 | 1,904.0 | 0.2 | 275.3 | 114.7 | |
| FY00 | Actual | 2,375.4 | 1,963.1 | 10.2 | 283.8 | 118.3 | |
| FY01 | Actual | 2,295.5 | 1,898.2 | 8.5 | 274.4 | 114.3 | |
| FY02 | Actual | 2,300.8 | 1,884.8 | 30.0 | 272.5 | 113.5 | |
| FY03 | Actual | 2,372.7 | 1,969.0 | 0.4 | 284.7 | 118.6 | |
| FY04 | Actual | 2,576.9 | 2,138.0 | 1.0 | 309.1 | 128.8 | |
| FY05 | Actual | 2,810.1 | 2,331.8 | 0.7 | 337.1 | 140.5 | |
| FY06 | Actual | 2,947.2 | 2,428.1 | 21.8 | 351.0 | 146.3 | |
| FY07 | Actual | 3,006.2 | 2,483.2 | 14.3 | 359.0 | 149.6 | |
| FY08 | Actual | 3,124.9 | 2,581.7 | 14.4 | 0.0 | 373.3 | 155.5 |
| FY09 | Actual | 3,964.7 | 3,280.1 | 12.9 | 0.0 | 474.2 | 197.6 |
| FY10 | Actual | 3,636.2 | 3,000.2 | 21.5 | 0.0 | 433.8 | 180.7 |
| FY11 | Actual | 3,880.8 | 3,210.7 | 12.5 | 0.0 | 464.2 | 193.4 |
| FY12 | Actual | 4,163.7 | 3,454.1 | 2.1 | 0.0 | 499.4 | 208.1 |
| FY13 | Actual | 4,712.7 | 3,908.7 | 3.4 | 0.0 | 565.1 | 235.5 |
| FY14 | Actual | 4,988.8 | 4,134.6 | 7.3 | 0.0 | 597.8 | 249.1 |
| FY15 | Actual | 5,115.5 | 4,237.6 | 10.0 | 0.0 | 612.7 | 255.3 |
| FY16 | Projection | 5,035.9 | 4,173.9 | 7.1 | 0.0 | 603.5 | 251.4 |
| FY17 | Projection | 5,171.5 | 4,286.4 | 7.1 | 0.0 | 619.7 | 258.2 |

KILOWATT-HOUR TAX

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

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

Basis of Projection:

Kilowatt-hour tax receipts for FY 2016 and FY 2017 are based on an assessment of recent collection history in comparison to water availability.

Historical Data:

KILOWATT-HOUR TAX

(\$ THOUSANDS)

| Year | | Gross Collections | Distributions | |
|------|------------|----------------------|---------------|--------------|
| | | | Refunds | Gen. Fund |
| FY81 | Actual | 1,607.5 | 0.0 | 1,607.5 |
| FY82 | Actual | 1,755.6 | 0.0 | 1,755.6 |
| FY83 | Actual | 2,176.9 | 0.0 | 2,176.9 |
| FY84 | Actual | 2,412.7 | 0.0 | 2,412.7 |
| FY85 | Actual | 2,270.6 | 0.0 | 2,270.6 |
| FY86 | Actual | 2,100.9 | 0.0 | 2,100.9 |
| FY87 | Actual | 1,819.2 | 0.0 | 1,819.2 |
| FY88 | Actual | 1,487.0 | 0.0 | 1,487.0 |
| FY89 | Actual | 1,593.6 | 0.0 | 1,593.6 |
| FY90 | Actual | 1,677.0 | 0.0 | 1,677.0 |
| FY91 | Actual | 1,783.2 | 0.0 | 1,783.2 |
| FY92 | Actual | 1,615.8 | 5.3 | 1,610.5 |
| FY93 | Actual | 1,478.7 | 29.4 | 1,449.3 |
| FY94 | Actual | 2,125.0 | 37.0 | 2,088.0 |
| FY95 | Actual | 1,686.5 | 0.0 | 1,686.5 |
| FY96 | Actual | 2,947.0 | 57.1 | 2,889.9 |
| FY97 | Actual | 2,973.6 | 0.0 | 2,973.6 |
| FY98 | Actual | 3,239.9 | 0.0 | 3,239.9 |
| FY99 | Actual | 2,885.7 | 0.0 | 2,885.7 |
| FY00 | Actual | 2,800.4 | 35.0 | 2,765.4 |
| FY01 | Actual | 1,796.3 | 0.0 | 1,796.3 |
| FY02 | Actual | 1,794.7 | 0.0 | 1,794.7 |
| FY03 | Actual | 1,803.7 | 6.7 | 1,797.0 |
| FY04 | Actual | 1,827.0 | 0.0 | 1,827.0 |
| FY05 | Actual | 1,534.4 | 0.0 | 1,534.4 |
| FY06 | Actual | 2,285.2 | 0.0 | 2,285.2 |
| FY07 | Actual | 2,259.2 | 0.0 | 2,259.2 |
| FY08 | Actual | 1,599.2 | 0.0 | 1,599.2 |
| FY09 | Actual | 2,018.2 | 0.0 | 2,018.2 |
| FY10 | Actual | 2,138.2 | 0.0 | 2,138.2 |
| FY11 | Actual | 2,430.0 | 0.0 | 2,429.9 |
| FY12 | Actual | 2,981.6 | 0.0 | 2,981.6 |
| FY13 | Actual | 1,919.9 | 0.0 | 1,919.9 |
| FY14 | Actual | 1,839.9 | 0.0 | 1,839.9 |
| FY15 | Actual | 1,917.8 | 0.0 | 1,917.8 |
| FY16 | Projection | 1,800.0 | 0.0 | 1,800.0 |
| FY17 | Projection | 1,900.0 | 0.0 | 1,900.0 |

MINE LICENSE TAX

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

Revenue is derived from a 1% “profit” tax on Idaho mining operations. This tax has been levied since 1935. It was initially set at 3%. It was lowered to 2% in 1972 and lowered again to 1% in 2002. For mining operations without a cyanidation facility, 66% of the net tax collected accrues to the General Fund and the remainder (34%) goes to the Abandoned Mine Reclamation Fund. The distribution for the net mine license tax collected from mining operations with cyanidation facilities is slightly different. Thirty-three percent of the net tax collected from operations with a cyanidation facility is distributed to the General Fund, 33% goes to the Cyanidation Facility Closure Fund, and the remainder (34%) goes to the Abandoned Mine Reclamation Fund.

Basis of Projection:

The projections of General Fund revenue from this source for FY 2016 and FY 2017 are based on a subjective assessment of recent collections history, the current and future levels of employment in mining, and relative mineral prices.

Historical Data:

MINE LICENSE TAX

(\$ THOUSANDS)

| Year | | Gross Collections | Distributions | | | |
|------|------------|-------------------|---------------|-----------------------------------|---------------------------------|-----------|
| | | | Refunds | Cyanidation Facility Closure Fund | Abandoned Mine Reclamation Fund | Gen. Fund |
| FY81 | Actual | 2,145.2 | 27.6 | | 2,117.6 | |
| FY82 | Actual | 2,449.4 | 4.7 | | 2,444.7 | |
| FY83 | Actual | 687.6 | 14.3 | | 673.3 | |
| FY84 | Actual | 1,106.2 | 0.9 | | 1,105.3 | |
| FY85 | Actual | 676.1 | 90.9 | | 585.2 | |
| FY86 | Actual | 380.6 | 12.0 | | 368.7 | |
| FY87 | Actual | 283.5 | 0.3 | | 283.2 | |
| FY88 | Actual | 570.8 | 0.0 | | 570.8 | |
| FY89 | Actual | 215.8 | 2.6 | | 213.2 | |
| FY90 | Actual | 278.0 | 25.0 | | 253.0 | |
| FY91 | Actual | 471.8 | 1.0 | | 470.9 | |
| FY92 | Actual | 588.7 | 3.1 | | 585.7 | |
| FY93 | Actual | 441.7 | 331.8 | | 109.9 | |
| FY94 | Actual | 487.6 | 14.4 | | 473.2 | |
| FY95 | Actual | 291.0 | 1.2 | | 289.9 | |
| FY96 | Actual | 800.8 | 0.0 | | 800.8 | |
| FY97 | Actual | 764.7 | 101.4 | | 663.4 | |
| FY98 | Actual | 1,101.3 | 140.8 | | 960.5 | |
| FY99 | Actual | 2,241.0 | 258.1 | | 1,982.9 | |
| FY00 | Actual | 1,038.3 | 1,344.4 | 353.0 | -659.1 | |
| FY01 | Actual | 245.3 | 64.5 | 61.5 | 119.3 | |
| FY02 | Actual | 1,236.8 | 0.3 | 420.4 | 816.0 | |
| FY03 | Actual | 107.2 | 53.1 | 18.4 | 35.7 | |
| FY04 | Actual | 115.3 | 6.3 | 37.0 | 71.9 | |
| FY05 | Actual | 53.2 | 3.0 | 0.0 | 17.1 | 33.1 |
| FY06 | Actual | 404.8 | 2.1 | 0.0 | 136.9 | 265.8 |
| FY07 | Actual | 3,569.8 | 16.4 | 0.0 | 1,208.1 | 2,345.2 |
| FY08 | Actual | 3,829.5 | 3.9 | 0.0 | 1,300.7 | 2,524.9 |
| FY09 | Actual | 1,430.0 | 3.1 | 0.0 | 485.2 | 941.8 |
| FY10 | Actual | 2,723.3 | 0.5 | 0.0 | 925.8 | 1,797.1 |
| FY11 | Actual | 2,417.8 | 90.4 | 0.0 | 791.3 | 1,536.1 |
| FY12 | Actual | 3,220.4 | 152.8 | 0.0 | 1,043.0 | 2,024.7 |
| FY13 | Actual | 959.2 | 153.9 | 0.0 | 273.8 | 531.5 |
| FY14 | Actual | 842.7 | 56.7 | 0.0 | 267.2 | 518.7 |
| FY15 | Actual | 775.9 | 670.9 | 0.0 | 35.7 | 69.3 |
| FY16 | Projection | 643.2 | 37.2 | 0.0 | 206.1 | 400.0 |
| FY17 | Projection | 794.8 | 37.2 | 0.0 | 257.6 | 500.0 |

LIQUOR FUND

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

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

Historical Data:

LIQUOR FUND

(\$ THOUSANDS)

| Year | | Gross Dist. | Gen. Fund | Distributions | | | | | | | | | | | Cities & Counties | | |
|------|------------|-------------|-----------|--|------------------------|--------------------|---------------------------|---------------------|---------------------|---|--|------------------------|--------------------------------|---|-------------------|--|--|
| | | | | Alcoholism Treatment Fund | Community College Fund | Coop. Welfare Fund | Public School Income Fund | Budget Reserve Fund | Perm. Building Fund | Drug Cr., Mental Health & Family Cr. Svcs. Fund | Idaho Water Resource Brd. Revolving Development Fund | Warehouse Remodel Fund | Substance Abuse Treatment Fund | Drug & Mental Health Cr. Supervision Fund | | | |
| FY81 | Actual | 14,378.7 | 3,741.8 | This area intentionally left blank. | | | | | | | | | | | | | |
| FY82 | Actual | 12,914.8 | 3,948.1 | For more information, please contact the Idaho Division of Financial Management. | | | | | | | | | | | | | |
| FY83 | Actual | 15,487.2 | 3,700.0 | | | | | | | | | | | | | | |
| FY84 | Actual | 15,170.2 | 3,820.0 | | | | | | | | | | | | | | |
| FY85 | Actual | 12,780.1 | 4,945.0 | 1,200.0 | 300.0 | 650.0 | 1,200.0 | | | | | | | | | | |
| FY86 | Actual | 12,294.5 | 4,945.0 | 1,200.0 | 300.0 | 650.0 | 1,200.0 | | | | | | | | | | |
| FY87 | Actual | 12,294.8 | 4,945.0 | 1,200.0 | 300.0 | 650.0 | 1,200.0 | | | | | | | | | | |
| FY88 | Actual | 10,795.0 | 4,945.0 | 1,200.0 | 300.0 | 650.0 | 1,200.0 | | | | | | | | | | |
| FY89 | Actual | 11,377.9 | 4,945.0 | 1,200.0 | 300.0 | 650.0 | 1,200.0 | | | | | | | | | | |
| FY90 | Actual | 12,425.0 | 4,945.0 | 1,200.0 | 300.0 | 650.0 | 1,200.0 | | | | | | | | | | |
| FY91 | Actual | 12,268.3 | 4,945.0 | 1,200.0 | 300.0 | 650.0 | 1,200.0 | | | | | | | | | | |
| FY92 | Actual | 12,999.1 | 4,945.0 | 1,200.0 | 300.0 | 650.0 | 1,200.0 | | | | | | | | | | |
| FY93 | Actual | 12,802.8 | 4,945.0 | 1,200.0 | 300.0 | 650.0 | 1,200.0 | | | | | | | | | | |
| FY94 | Actual | 26,149.3 | 4,945.0 | 1,200.0 | 300.0 | 650.0 | 1,200.0 | 6,255.8 | | | | | | | | | |
| FY95 | Actual | 18,449.3 | 4,945.0 | 1,200.0 | 300.0 | 650.0 | 1,200.0 | 0.0 | | | | | | | | | |
| FY96 | Actual | 16,578.1 | 4,945.0 | 1,200.0 | 300.0 | 650.0 | 1,200.0 | 0.0 | | | | | | | | | |
| FY97 | Actual | 17,417.3 | 4,945.0 | 1,200.0 | 300.0 | 650.0 | 1,200.0 | 0.0 | | | | | | | | | |
| FY98 | Actual | 16,605.7 | 4,945.0 | 1,200.0 | 300.0 | 650.0 | 1,200.0 | 0.0 | | | | | | | | | |
| FY99 | Actual | 18,584.1 | 4,945.0 | 1,200.0 | 300.0 | 650.0 | 1,200.0 | 0.0 | | | | | | | | | |
| FY00 | Actual | 19,891.7 | 4,945.0 | 1,200.0 | 300.0 | 650.0 | 1,200.0 | 0.0 | 1,000.0 | | | | | | | | |
| FY01 | Actual | 20,293.9 | 4,945.0 | 1,200.0 | 300.0 | 650.0 | 1,200.0 | 0.0 | 0.0 | | | | | | | | |
| FY02 | Actual | 21,100.7 | 4,945.0 | 1,200.0 | 300.0 | 650.0 | 1,200.0 | 0.0 | 0.0 | | | | | | | | |
| FY03 | Actual | 23,163.0 | 4,945.0 | 1,200.0 | 300.0 | 650.0 | 1,200.0 | 0.0 | 0.0 | | | | | | | | |
| FY04 | Actual | 27,775.0 | 4,945.0 | 1,200.0 | 300.0 | 650.0 | 1,200.0 | 0.0 | 0.0 | 2,050.0 | | | | | | | |
| FY05 | Actual | 33,826.0 | 4,945.0 | 1,200.0 | 300.0 | 650.0 | 1,200.0 | 0.0 | 0.0 | 1,811.0 | 7,200.0 | | | | | | |
| FY06 | Actual | 29,737.1 | 4,945.0 | 1,200.0 | 300.0 | 650.0 | 1,200.0 | 0.0 | 0.0 | 2,082.1 | 0.0 | 2,000.0 | | | | | |
| FY07 | Actual | 42,512.6 | 10,242.2 | 1,200.0 | 300.0 | 650.0 | 1,200.0 | 0.0 | 0.0 | 2,313.9 | 0.0 | 2,000.0 | | | | | |
| FY08 | Actual | 43,774.3 | 8,378.5 | 0.0 | 300.0 | 650.0 | 1,200.0 | 0.0 | 0.0 | 3,188.9 | 0.0 | 3,245.4 | 2,080.0 | 440.0 | | | |
| FY09 | Actual | 44,475.7 | 9,294.0 | 0.0 | 600.0 | 650.0 | 1,200.0 | 0.0 | 0.0 | 3,315.7 | 0.0 | 0.0 | 2,080.0 | 440.0 | | | |
| FY10 | Actual | 44,091.4 | 11,394.0 | 0.0 | 600.0 | 650.0 | 1,200.0 | 0.0 | 0.0 | 3,301.4 | 0.0 | 0.0 | 2,080.0 | 440.0 | | | |
| FY11 | Actual | 49,698.6 | 14,761.4 | 0.0 | 600.0 | 650.0 | 1,200.0 | 0.0 | 0.0 | 3,416.6 | 0.0 | 0.0 | 2,080.0 | 440.0 | | | |
| FY12 | Actual | 53,000.8 | 17,248.0 | 0.0 | 600.0 | 650.0 | 1,200.0 | 0.0 | 0.0 | 3,580.8 | 0.0 | 0.0 | 2,080.0 | 440.0 | | | |
| FY13 | Actual | 59,064.6 | 20,925.0 | 0.0 | 600.0 | 650.0 | 1,200.0 | 0.0 | 0.0 | 3,824.6 | 0.0 | 0.0 | 2,080.0 | 440.0 | | | |
| FY14 | Actual | 63,524.9 | 24,210.0 | 0.0 | 600.0 | 650.0 | 1,200.0 | 0.0 | 0.0 | 3,904.9 | 0.0 | 0.0 | 2,080.0 | 440.0 | | | |
| FY15 | Actual | 65,720.7 | 25,480.0 | 0.0 | 600.0 | 650.0 | 1,200.0 | 0.0 | 0.0 | 4,070.7 | 0.0 | 0.0 | 2,080.0 | 440.0 | | | |
| FY16 | Projection | 66,568.4 | 25,890.0 | 0.0 | 600.0 | 650.0 | 1,200.0 | 0.0 | 0.0 | 4,208.4 | 0.0 | 0.0 | 2,080.0 | 440.0 | | | |
| FY17 | Projection | 69,573.0 | 27,294.1 | 0.0 | 600.0 | 650.0 | 1,200.0 | 0.0 | 0.0 | 4,364.8 | 0.0 | 0.0 | 2,080.0 | 440.0 | | | |

INTEREST EARNINGS

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

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

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

Basis of Projection:

The projections of General Fund revenue from this source for FY 2016 and FY 2017 are based on an assessment of the State Treasurer's fund balances, forecasts of interest rates, and agency expectations. The FY 2016 projection includes the approximately \$0.9 million net cost associated with the issuance of this year's tax anticipation note. The FY 2017 projection does not include tax anticipation note earnings or costs.

COURT FEES AND FINES

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

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

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

Basis of Projection:

The projections of General Fund revenue from this source for FY 2016 and FY 2017 are based on an assessment of recent collection history, fee changes, and Idaho population growth.

INSURANCE PREMIUM TAX

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

Idaho assesses a 1.5% tax on insurance premiums for policies written in Idaho. Premium taxes are collected on a quarterly prepayment basis based upon a percentage of the previous year's business and current year's tax rate. Prepayment percentages are 60% in June, 20% in September, and 15% in December, with the balance due in March. Up to 20% of the tax collections can be directed to the Insurance Refund Fund. (However, the amount in the Insurance Refund Fund that exceeds \$40,000 at the end of the fiscal year is transferred to the General Fund.) Net premium taxes are distributed as follows. Twenty-five percent of the net tax collected in excess of \$45 million is paid to the Idaho High Risk Individual Reinsurance Pool. Twenty-five percent of the tax in excess of \$55 million accrues to the Idaho Health Insurance Access Card Fund. The remaining net tax collections go to the General Fund. Beginning in FY 2016, all net tax collections accrue to the General Fund.

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

Basis of Projection:

The projections of General Fund revenue from this source for FY 2016 and FY 2017 are based on forecasts of insurance premium growth, trends in insurance rates and coverage, and company insolvencies that result in credits taken for guaranty association assessments. These variables and parameters are run through a simulation model of the cash-flow process to capture the effects on prepayment, filing reconciliation collections, and refunds.

ALCOHOLIC BEVERAGE LICENSES

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

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

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

UNCLAIMED PROPERTY

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

Unclaimed property from bank accounts, safe deposit boxes, travelers' checks, life insurance policies, utility deposits, and other intangible property accrue to the state. The holding period before most types of financial properties are considered abandoned is five years. Unclaimed Property Fund balances exceeding \$250,000 are transferred to the General Fund by the end of each fiscal year.

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

Basis of Projection:

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

UCC FILINGS

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

The principal source of revenue from the Secretary of State is derived from the filings of articles of incorporation. The Secretary of State also collects other miscellaneous fees, such as Uniform Commercial Code (UCC) filing fees and notary fees.

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

Basis of Projection:

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

OTHER DEPARTMENTS AND TRANSFERS

The primary revenue sources for this miscellaneous category are receipts from the Department of Finance, Department of Lands, Department of Environmental Quality, Division of Financial Management, and Department of Agriculture. Other agencies provide lesser amounts on a sporadic basis.

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

Basis of Projection:

The projections of miscellaneous General Fund revenues for FY 2016 and FY 2017 are based on a subjective assessment of recent collection history and expected transfers.

ESTATE AND TRANSFER TAX

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

The Idaho estate and transfer tax is a “pick up” tax. Previously, federal tax law allowed a decedent’s estate to take a credit against state estate taxes paid, up to certain limits, based on the size of the estate. The amount of Idaho estate and transfer tax due was equal to this credit. Ten percent of the gross amount collected was distributed to the Idaho county of probate and the remainder, net of refunds, accrued to the state’s General Fund. The Economic Growth and Tax Relief Reconciliation Act of 2001 phased out this credit so that it did not apply to any deaths after 2005. The relevant estate provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 were set to expire at the end of 2010. However, some of the estate tax provisions of this act were extended through CY 2012 as part of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act that became law on December 17, 2010. The federal credit for state estate taxes did not return at that time. Neither was the credit included in the American Taxpayer Relief Act that was signed into law on January 2, 2013. Thus, under current federal law there is no credit for state estate taxes paid, so there is nothing for the Idaho estate and transfer tax to pick up.

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

MISCELLANEOUS REVENUES

(\$ THOUSANDS)

| Year | | Distributions to General Fund | | | | | | | | | |
|------|------------|-------------------------------|-------------------|--------------------|-----------------------|-----------------------------|---------------------|-------------|---------|--------------------|----------------------------|
| | | Estate Tax | Interest Earnings | Court Fees & Fines | Insurance Premium Tax | Alcoholic Beverage Licenses | Un-Claimed Property | UCC Filings | Lands | One-Time Transfers | Other Depts. and Transfers |
| FY81 | Actual | 0.0 | 10,257.4 | 1,850.8 | 14,845.9 | 918.9 | 0.0 | 1,510.4 | 109.4 | 0.0 | 792.7 |
| FY82 | Actual | 0.0 | 12,282.6 | 2,036.1 | 15,442.0 | 911.5 | 0.0 | 512.1 | 181.7 | 1,282.7 | 643.6 |
| FY83 | Actual | 0.0 | 8,663.9 | 2,109.6 | 22,345.0 | 939.6 | 175.3 | 538.9 | 165.9 | 6,115.0 | 715.1 |
| FY84 | Actual | 0.0 | 12,227.9 | 2,154.9 | 16,730.0 | 932.2 | 597.0 | 559.6 | 167.8 | 435.7 | 874.8 |
| FY85 | Actual | 0.0 | 10,931.1 | 2,355.3 | 18,329.8 | 1,033.8 | 1,304.9 | 571.6 | 174.9 | 4,097.3 | 905.3 |
| FY86 | Actual | 0.0 | 9,549.6 | 2,544.1 | 20,867.5 | 1,052.5 | 906.7 | 624.3 | 161.3 | 5,757.5 | 838.4 |
| FY87 | Actual | 0.0 | 7,615.7 | 2,800.7 | 21,257.1 | 1,059.9 | 866.3 | 953.8 | 168.2 | 9,337.0 | 987.6 ¹ |
| FY88 | Actual | 0.0 | 10,010.0 | 2,860.1 | 31,182.3 | 1,035.8 | 997.7 | 1,083.0 | 123.6 | 942.5 | 1,041.9 ² |
| FY89 | Actual | 0.0 | 16,178.4 | 3,135.9 | 26,217.5 | 1,033.9 | 744.9 | 1,010.6 | 131.7 | 2,300.0 | 1,112.8 ³ |
| FY90 | Actual | 0.0 | 17,552.6 | 3,426.1 | 25,209.2 | 1,081.5 | 1,155.7 | 1,073.4 | 158.9 | 1,000.0 | 1,270.7 ⁴ |
| FY91 | Actual | 0.0 | 19,387.7 | 3,331.7 | 28,643.7 | 994.5 | 1,145.4 | 1,165.6 | 192.4 | 325.0 | 1,922.7 ⁵ |
| FY92 | Actual | 0.0 | 11,810.0 | 3,390.7 | 31,944.9 | 1,010.2 | 1,353.3 | 1,396.1 | 210.7 | 513.9 | 1,856.0 ⁶ |
| FY93 | Actual | 0.0 | 10,540.0 | 3,210.0 | 28,810.0 | 960.0 | 1,335.5 | 907.6 | 229.8 | 0.0 | 682.6 |
| FY94 | Actual | 0.0 | 10,611.2 | 3,721.9 | 33,193.5 | 1,039.0 | 1,707.9 | 784.0 | 220.2 | 3,420.0 | 1,264.2 ⁷ |
| FY95 | Actual | 0.0 | 15,000.0 | 3,894.0 | 34,934.6 | 1,072.3 | 2,089.2 | 854.5 | 243.6 | 0.0 | 3,391.6 ⁸ |
| FY96 | Actual | 0.0 | 18,541.4 | 4,244.8 | 36,126.4 | 1,047.9 | 1,387.1 | 941.2 | 238.3 | 145.0 | 3,182.8 ⁹ |
| FY97 | Actual | 0.0 | 18,243.0 | 4,707.9 | 40,262.5 | 1,140.9 | 829.4 | 26.2 | 240.3 | 0.0 | 3,141.2 ¹⁰ |
| FY98 | Actual | 0.0 | 17,930.0 | 5,016.3 | 42,846.5 | 1,151.6 | 1,168.0 | 33.0 | 265.2 | 0.0 | 3,403.5 ¹¹ |
| FY99 | Actual | 0.0 | 18,686.7 | 5,131.7 | 45,465.2 | 1,158.1 | 1,588.9 | 11.6 | 317.0 | 428.0 | 4,914.7 ¹² |
| FY00 | Actual | 0.0 | 21,559.7 | 5,305.7 | 46,431.9 | 1,300.2 | 2,308.2 | 22.3 | 703.1 | 4,417.9 | 8,306.6 ¹³ |
| FY01 | Actual | 35,806.8 | 22,303.6 | 5,493.5 | 55,880.8 | 1,224.4 | 5,809.6 | 2,007.0 | 338.3 | 11,191.6 | 9,178.2 ¹⁴ |
| FY02 | Actual | 7,589.0 | 11,334.6 | 5,188.3 | 55,370.9 | 1,363.8 | 880.7 | 2,031.8 | 347.9 | 7,107.1 | 16,314.3 ¹⁵ |
| FY03 | Actual | 13,649.2 | 2,982.2 | 5,287.8 | 59,488.8 | 1,394.2 | 3,760.3 | 2,143.5 | 355.8 | 5,464.7 | 14,665.1 ¹⁶ |
| FY04 | Actual | 4,430.6 | 4,971.3 | 4,978.5 | 62,766.6 | 1,611.5 | 3,686.5 | 2,394.9 | 331.0 | 51,402.1 | 22,840.8 ¹⁷ |
| FY05 | Actual | 3,296.6 | 8,921.1 | 4,656.3 | 60,852.6 | 1,635.4 | 9,827.6 | 2,689.0 | 532.7 | 857.9 | 24,140.2 |
| FY06 | Actual | 1,110.4 | 18,122.1 | 4,786.9 | 60,375.0 | 1,719.2 | 1,988.9 | 3,015.8 | 330.2 | 537.3 | 21,892.0 ¹⁸ |
| FY07 | Actual | 122.9 | 17,174.5 | 5,037.1 | 59,781.3 | 1,807.2 | 3,308.4 | 2,998.3 | 466.2 | 1,543.7 | 25,404.5 |
| FY08 | Actual | 29.0 | 11,366.2 | 5,332.0 | 56,343.2 | 1,919.9 | 5,626.9 | 2,821.0 | 687.9 | 2,243.6 | 30,176.7 |
| FY09 | Actual | 237.7 | 760.4 | 5,354.0 | 55,478.8 | 1,610.2 | 1,782.3 | 2,423.7 | 977.6 | 1,426.0 | 31,701.0 |
| FY10 | Actual | -173.4 | -1,318.1 | 5,383.9 | 53,631.7 | 1,469.2 | 8,224.8 | 2,419.1 | 647.0 | 1,543.7 | 32,705.8 |
| FY11 | Actual | 521.4 | -430.7 | 5,116.6 | 54,117.5 | 1,523.6 | 4,511.6 | 2,413.0 | 622.0 | 4,881.8 | 30,432.8 |
| FY12 | Actual | -22.0 | -604.3 | 4,849.4 | 56,579.7 | 1,557.1 | 8,888.0 | 2,428.0 | 1,041.6 | 16,155.4 | 27,897.5 |
| FY13 | Actual | 63.0 | 355.7 | 4,592.0 | 55,621.7 | 127.7 | 6,997.5 | 2,538.0 | 829.8 | 4,529.8 | 29,452.7 |
| FY14 | Actual | 303.8 | -365.5 | 4,355.6 | 59,356.4 | 0.0 | 5,655.0 | 2,701.7 | 1,231.2 | 4,222.3 | 28,507.5 |
| FY15 | Actual | 0.0 | -1,571.3 | 6,141.5 | 61,747.1 | -3.2 | 6,293.3 | 2,764.7 | 720.0 | 1,987.3 | 26,198.5 |
| FY16 | Projection | 0.0 | -455.4 | 5,768.7 | 65,044.6 | 0.0 | 6,000.0 | 2,869.7 | 170.0 | 4,081.6 | 27,766.6 |
| FY17 | Projection | 0.0 | 684.8 | 5,856.3 | 66,345.8 | 0.0 | 6,000.0 | 2,974.7 | 145.3 | 0.0 | 28,024.9 |

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

Idaho's Tax Structure

Exemptions, Credits, Exclusions, and Deductions

This page left blank intentionally.

INTRODUCTION

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

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

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

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

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

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

This report includes estimates of the costs of the tax expenditures. This is an estimate of how much tax payment is being avoided by the beneficiaries of the tax expenditure. It is **not** an estimate of the revenue that would be raised by eliminating the tax expenditure. Several additional factors need to be considered when producing a revenue estimate associated with any particular tax law change.

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

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

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

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

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

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

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

INDIVIDUAL AND CORPORATE INCOME TAX

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

The rate of Idaho's income tax is a flat 7.4% on corporate income. Tax rates on individuals vary from a low of 1.6% to a top rate of 7.4%. Idaho's individual income tax brackets are adjusted each year for inflation.

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

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

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

- Investment Tax Credit
- Other States Tax Credit
- Elderly Dependent Credit
- Youth and Rehabilitation Credit
- Schools, Libraries, and Museums Credit
- Grocery Credit
- Recycling Equipment Credit
- Technological Equipment Deduction
- Long-Term Care Insurance Deduction
- Alternative Energy Device Deduction
- Insulation Deduction
- Workers' Compensation Premium Deduction
- Child Care Deduction
- College Savings Deduction
- Health Insurance Deduction

Elderly and Developmental Disability Deduction
Adoption Expense Deduction
Medical Savings Account Deduction
Right Income Adjustment Credit
Riparian Land Improvements Credit (Sunset 2002)
Broadband Investment Credit
County Incentive Investment Tax Credit (Sunset 2001)
Research Activity Credit
Promoter Sponsored Events Credit
Corporate Headquarters Investment Credit (Repealed 2008)
Corporate Headquarters Real Property Improvement Credit (Repealed 2008)
Corporate Headquarters New Jobs Credit (Repealed 2008)
Small Employer Capital Investment Credit (Sunsets 2020)
Small Employer Real Property Improvement Credit (Sunsets 2020)
Small Employer New Jobs Credit (Sunsets 2020)
Live Organ Donation Expenses Credit
Biofuel Investment Tax Credit (Sunset 2011)
Special Job Credit (Sunsets 2016)
Reimbursement Incentive Credit
Certain Charitable Contributions Deduction

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

Capital Gains Exclusion
Government Interest Exclusion
Social Security Exclusion
Railroad Retirement Exclusion
Retirement Benefit Exclusion
Idaho Lottery Winnings Exclusion
Indian Earnings on Reservation Exclusion
World War II Reparations Exclusion
Marriage Penalty Deduction
Certain Loss Recoveries Deduction
Nonresident Guaranteed Partnership Income Exclusion

SALES AND USE TAX

The Idaho sales tax is a 6.0% transaction tax levied on the purchase or use of goods and services by consumers, where consumers may be either individuals or businesses. Transactions involving purchases by businesses are included in the sales tax base if the goods or services are consumed by the purchasing business. Transactions involving purchases of goods or services for resale (including components or parts used in manufactured goods) are not considered a part of the sales tax base. The legal incidence of the Idaho sales tax is on the purchaser. Sales taxes are distant relatives of value-added taxes.

Consumption, as an economic concept, can be divided into consumption of goods and consumption of services. The purchase of a hotel room is classified as a service, since it is only the right to use the hotel room for a limited time that it is being purchased. Purchase of a tent is classified as a good since the buyer becomes the owner of a tangible item. An interesting characteristic of Idaho's sales tax is that unless specifically exempted, purchase of a tangible good is a taxable event. On the other hand, the purchase of a service is generally not taxable unless the service is specifically included in the list of taxable transactions. Three major service categories that are completely taxable are "Hotels and Other Lodging Places," "Amusement and Recreation Services," and "Admissions." Two other types of sales defined by Idaho law as taxable are restaurant meals, which contain both tangible property and service elements, and charges for producing, processing, printing, or imprinting tangible personal property when the property is supplied by the consumer of these services.

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

Principal Idaho sales tax expenditures relating to specific uses are:

- Production Exemption – Equipment
- Production Exemption – Supplies
- Irrigation Equipment and Supplies
- Pollution Control Equipment
- Broadcast Equipment and Supplies
- Publishing Equipment and Supplies
- Commercial Aircraft (Sunsets 2016)
- Railroad Rolling Stock and Remanufacturing
- Interstate Trucks
- Out-of-State Contracts
- Trade-in Value
- Sale or Lease of Businesses or Business Assets
- Supplemental Nutrition Assistance Program (SNAP)/Women, Infants, and Children (WIC)
- Vehicles and Vessels Sold to Nonresidents
- Common Carrier Purchases and Out-of-State Sales
- Donations of Real Property to Idaho Government
- Incidental Sales of Tangible Personal Property
- Lodging, Eating, and Drinking Places

School Lunches and Senior Citizen Meals
Drivers Education Automobiles
Ski Lifts and Snowgrooming Equipment
Clean Rooms
Alternative Electricity-Producing Equipment (Sunset 2011)
Research and Development Equipment
Corporate Headquarters Construction (Repealed 2008)
Small Employer Headquarters Construction (2006-2020)
Glider Kit Vehicles
Media Production Projects (Sunsets 2016)
State Tax Anticipation Revenue
Motor Vehicles of Nonresident Students
Personal Property of Military Personnel
Beverage and Food Samples
Beverage and Food Donations
Prepared Beverage and Food Given to Employees

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

Goods Not Taxed

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

Services Not Taxed

Construction
Agricultural and Industrial Services
Transportation Services
Information Services
Repairs
Professional Services
Business Services
Personal Services
Health and Medical Services
Social Services
Educational Services

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

Principal Idaho sales tax expenditures relating to specific entities are:

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

Idaho's Tax Structure

Fiscal Summary

\$ Thousands

| 1 | Income Tax Expenditures (Calendar Year Basis) | CY2012 | CY2013 | CY2014 | CY2015 | CY2016 | CY2017 |
|--------|---|-----------|-----------|-----------|-----------|-----------|-----------|
| 1.1 | Uses of Income Not Taxed | | | | | | |
| 1.1.01 | Investment Tax Credit | \$28,861 | \$25,349 | \$27,029 | \$28,065 | \$29,731 | \$31,857 |
| 1.1.02 | Other States Tax Credit | \$68,284 | \$71,753 | \$74,945 | \$77,619 | \$81,161 | \$85,290 |
| 1.1.03 | Elderly Dependent Credit | \$771 | \$754 | \$785 | \$818 | \$851 | \$885 |
| 1.1.04 | Youth and Rehabilitation Credit | \$7,756 | \$8,113 | \$8,454 | \$8,843 | \$9,178 | \$9,772 |
| 1.1.05 | Schools, Libraries, and Museums Credit | \$7,477 | \$7,844 | \$8,193 | \$8,485 | \$8,872 | \$9,324 |
| 1.1.06 | Grocery Credit | \$103,456 | \$118,584 | \$130,217 | \$142,342 | \$144,496 | \$146,691 |
| 1.1.07 | Recycling Equipment Credit | \$9 | \$0 | \$19 | \$19 | \$19 | \$19 |
| 1.1.08 | Technological Equipment Deduction | \$58 | \$57 | \$61 | \$63 | \$66 | \$70 |
| 1.1.09 | Long-Term Care Insurance Deduction | \$1,258 | \$1,315 | \$1,348 | \$1,353 | \$1,373 | \$1,394 |
| 1.1.10 | Alternative Energy Device Deduction | \$340 | \$321 | \$347 | \$357 | \$374 | \$393 |
| 1.1.11 | Insulation Deduction | \$913 | \$1,165 | \$1,258 | \$1,297 | \$1,358 | \$1,424 |
| 1.1.12 | Workers' Compensation Premium Deduction | \$400 | \$400 | \$400 | \$400 | \$400 | \$400 |
| 1.1.13 | Child Care Deduction | \$3,921 | \$4,008 | \$4,043 | \$4,052 | \$4,087 | \$4,107 |
| 1.1.14 | College Savings Deduction | \$1,661 | \$1,843 | \$1,990 | \$2,060 | \$2,155 | \$2,263 |
| 1.1.15 | Health Insurance Deduction | \$14,936 | \$16,839 | \$18,302 | \$19,194 | \$20,159 | \$21,138 |
| 1.1.16 | Elderly and Developmental Disability Deduction | \$9 | \$9 | \$9 | \$9 | \$9 | \$9 |
| 1.1.17 | Adoption Expense Deduction | \$27 | \$26 | \$44 | \$44 | \$44 | \$44 |
| 1.1.18 | Medical Savings Account Deduction | \$742 | \$725 | \$1,770 | \$1,795 | \$1,833 | \$1,874 |
| 1.1.19 | Right Income Adjustment Credit | \$0 | \$0 | \$0 | \$40 | \$40 | \$40 |
| 1.1.20 | Riparian Land Improvements Credit | Sunset | Sunset | Sunset | Sunset | Sunset | Sunset |
| 1.1.21 | Broadband Investment Credit | \$2,081 | \$1,347 | \$1,436 | \$1,492 | \$1,580 | \$1,693 |
| 1.1.22 | County Incentive Investment Tax Credit | Sunset | Sunset | Sunset | Sunset | Sunset | Sunset |
| 1.1.23 | Research Activity Credit | \$3,449 | \$1,990 | \$2,122 | \$2,203 | \$2,334 | \$2,500 |
| 1.1.24 | Promoter Sponsored Events Credit | \$1 | \$2 | \$12 | \$12 | \$12 | \$12 |
| 1.1.25 | Corporate Headquarters Investment Credit | Repealed | Repealed | Repealed | Repealed | Repealed | Repealed |
| 1.1.26 | Corporate Headquarters Real Property Improvement Credit | Repealed | Repealed | Repealed | Repealed | Repealed | Repealed |
| 1.1.27 | Corporate Headquarters New Jobs Credit | Repealed | Repealed | Repealed | Repealed | Repealed | Repealed |
| 1.1.28 | Small Employer Capital Investment Credit | \$203 | \$2,118 | \$617 | \$617 | \$617 | \$617 |
| 1.1.29 | Small Employer Real Property Improvement Credit | \$141 | \$478 | \$93 | \$93 | \$93 | \$93 |
| 1.1.30 | Small Employer New Jobs Credit | \$26 | \$157 | \$72 | \$72 | \$72 | \$72 |
| 1.1.31 | Live Organ Donation Expenses Credit | \$25 | \$23 | \$33 | \$33 | \$33 | \$33 |
| 1.1.32 | Biofuel Investment Tax Credit | \$55 | Sunset | Sunset | Sunset | Sunset | Sunset |
| 1.1.33 | Special Job Credit | \$0 | \$0 | \$0 | \$0 | \$0 | Sunset |
| 1.1.34 | Reimbursement Incentive Credit | \$0 | \$0 | \$3,000 | \$6,000 | \$9,000 | \$12,000 |
| 1.1.35 | Certain Charitable Contributions Deduction | \$0 | \$0 | \$25 | \$25 | \$25 | \$25 |
| 1.2 | Sources of Income Not Taxed | | | | | | |
| 1.2.01 | Capital Gains Exclusion | \$19,534 | \$13,399 | \$14,467 | \$15,054 | \$15,749 | \$16,528 |
| 1.2.02 | Government Interest Exclusion | \$1,845 | \$1,448 | \$1,540 | \$1,606 | \$1,669 | \$1,774 |
| 1.2.03 | Social Security Exclusion | \$60,143 | \$66,409 | \$71,281 | \$74,650 | \$78,343 | \$81,882 |
| 1.2.04 | Railroad Retirement Exclusion | | | | | | |
| 1.2.05 | Retirement Benefit Exclusion | \$6,890 | \$7,455 | \$7,996 | \$8,356 | \$8,782 | \$9,158 |
| 1.2.06 | Idaho Lottery Winnings Exclusion | \$4,901 | \$4,986 | \$5,071 | \$5,159 | \$5,248 | \$5,339 |
| 1.2.07 | Indian Earnings on Reservation Exclusion | \$622 | \$644 | \$672 | \$696 | \$728 | \$765 |
| 1.2.08 | World War II Reparations Exclusion | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1.2.09 | Marriage Penalty Deduction | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1.2.10 | Certain Loss Recoveries Deduction | \$0 | \$250 | \$250 | \$250 | \$250 | \$250 |
| 1.2.11 | Nonresident Guaranteed Partnership Income Exclusion | \$0 | \$440 | \$440 | \$440 | \$440 | \$440 |

Idaho's Tax Structure

Fiscal Summary

\$ Thousands

| | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| 2 Sales Tax Expenditures (Fiscal Year Basis) | | | | | | |
| 2.1 Specific Uses Not Taxed | | | | | | |
| 2.1.01 Production Exemption - Equipment | \$98,367 | \$102,250 | \$109,186 | \$114,904 | \$122,756 | \$131,299 |
| 2.1.02 Production Exemption - Supplies | \$74,464 | \$77,403 | \$82,654 | \$86,983 | \$92,926 | \$99,393 |
| 2.1.03 Irrigation Equipment and Supplies | \$4,018 | \$4,118 | \$4,221 | \$4,327 | \$4,435 | \$4,546 |
| 2.1.04 Pollution Control Equipment | \$10,035 | \$11,035 | \$11,335 | \$11,459 | \$12,534 | \$13,316 |
| 2.1.05 Broadcast Equipment and Supplies | \$2,445 | \$2,542 | \$2,714 | \$2,823 | \$3,016 | \$3,226 |
| 2.1.06 Publishing Equipment and Supplies | \$157 | \$163 | \$174 | \$181 | \$193 | \$207 |
| 2.1.07 Commercial Aircraft | \$2,054 | \$2,054 | \$2,054 | \$2,054 | Sunset | Sunset |
| 2.1.08 Railroad Rolling Stock and Remanufacturing | \$2,550 | \$2,550 | \$2,550 | \$2,550 | \$2,550 | \$2,550 |
| 2.1.09 Interstate Trucks | \$6,728 | \$6,962 | \$7,425 | \$7,769 | \$8,360 | \$8,946 |
| 2.1.10 Out-of-State Contracts | \$4,076 | \$4,236 | \$4,524 | \$4,706 | \$5,027 | \$5,377 |
| 2.1.11 Trade-in Value | \$28,723 | \$29,722 | \$31,701 | \$33,168 | \$35,691 | \$38,195 |
| 2.1.12 Sale or Lease of Businesses or Business Assets | \$1,934 | \$2,011 | \$2,147 | \$2,233 | \$2,386 | \$2,552 |
| 2.1.13 SNAP/WIC | \$21,955 | \$18,819 | \$19,190 | \$19,604 | \$20,433 | \$21,135 |
| 2.1.14 Vehicles and Vessels Sold to Nonresidents | \$16,044 | \$16,601 | \$17,707 | \$18,703 | \$20,126 | \$21,538 |
| 2.1.15 Common Carrier Purchases and Out-of-State Sales | NA | NA | NA | NA | NA | NA |
| 2.1.16 Donations of Real Property to Idaho Government | \$4 | \$4 | \$4 | \$4 | \$4 | \$4 |
| 2.1.17 Incidental Sales of Tangible Personal Property | \$12 | \$12 | \$12 | \$12 | \$12 | \$12 |
| 2.1.18 Lodging, Eating, and Drinking Places | \$85 | \$87 | \$88 | \$89 | \$94 | \$98 |
| 2.1.19 School Lunches and Senior Citizen Meals | \$4,699 | \$4,831 | \$5,020 | \$5,171 | \$5,385 | \$5,622 |
| 2.1.20 Drivers Education Automobiles | \$39 | \$39 | \$39 | \$40 | \$40 | \$40 |
| 2.1.21 Ski Lifts and Snowgrooming Equipment | \$600 | \$600 | \$600 | \$600 | \$600 | \$600 |
| 2.1.22 Clean Rooms | \$480 | \$480 | \$480 | \$480 | \$480 | \$480 |
| 2.1.23 Alternative Electricity-Producing Equipment | \$193 | Sunset | Sunset | Sunset | Sunset | Sunset |
| 2.1.24 Research and Development Equipment | \$7,200 | \$7,200 | \$7,200 | \$7,200 | \$7,200 | \$7,200 |
| 2.1.25 Corporate Headquarters Construction | Repealed | Repealed | Repealed | Repealed | Repealed | Repealed |
| 2.1.26 Small Employer Headquarters Construction | \$115 | \$115 | \$115 | \$115 | \$115 | \$115 |
| 2.1.27 Glider Kit Vehicles | \$296 | \$306 | \$326 | \$341 | \$367 | \$393 |
| 2.1.28 Media Production Projects | \$68 | \$71 | \$74 | \$77 | \$0 | \$0 |
| 2.1.29 State Tax Anticipation Revenue | \$3,947 | \$5,436 | \$5,600 | \$5,800 | \$6,000 | \$6,200 |
| 2.1.30 Motor Vehicles of Nonresident Students | \$25 | \$25 | \$25 | \$26 | \$26 | \$26 |
| 2.1.31 Personal Property of Military Personnel | NA | NA | NA | NA | NA | NA |
| 2.1.32 Beverage and Food Samples | \$5 | \$15 | \$15 | \$16 | \$16 | \$17 |
| 2.1.33 Beverage and Food Donations | \$0 | \$0 | \$10 | \$10 | \$10 | \$10 |
| 2.1.34 Prepared Beverage and Food Given to Employees | \$0 | \$0 | \$40 | \$160 | \$160 | \$160 |
| 2.2 Goods Not Taxed | | | | | | |
| 2.2.01 Motor Fuels | \$199,493 | \$196,980 | \$165,847 | \$136,159 | \$153,583 | \$167,205 |
| 2.2.02 Heating Materials | \$5,734 | \$6,249 | \$5,168 | \$4,006 | \$4,541 | \$4,834 |
| 2.2.03 Utility Sales | \$96,157 | \$99,042 | \$102,013 | \$105,074 | \$108,226 | \$111,473 |
| 2.2.04 Used Manufactured Homes | \$2,760 | \$2,760 | \$2,760 | \$2,760 | \$2,760 | \$2,760 |
| 2.2.05 Vending Machines and Amusement Devices | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2.2.06 Prescriptions and Durable Medical Equipment | \$46,981 | \$50,991 | \$56,086 | \$61,638 | \$67,485 | \$72,960 |
| 2.2.07 Funeral Caskets | \$1,442 | \$1,485 | \$1,530 | \$1,576 | \$1,623 | \$1,672 |
| 2.2.08 Containers | \$40 | \$40 | \$41 | \$41 | \$43 | \$46 |
| 2.2.09 Nonprofit Literature | \$135 | \$137 | \$139 | \$141 | \$143 | \$145 |
| 2.2.10 Official Documents | \$67 | \$68 | \$69 | \$70 | \$71 | \$72 |
| 2.2.11 Precious Metal Bullion | \$558 | \$558 | \$558 | \$558 | \$558 | \$558 |
| 2.2.12 Idaho Commemorative Silver Medallions | \$2 | \$2 | \$2 | \$2 | \$2 | \$2 |
| 2.2.13 New Manufactured Homes or Modular Buildings | \$2,283 | \$2,348 | \$2,410 | \$2,468 | \$2,550 | \$2,640 |
| 2.2.14 Telecommunications Equipment | \$1,875 | \$2,062 | \$2,268 | \$2,495 | \$2,745 | \$3,019 |
| 2.2.15 Personal Property Tax on Rentals | \$400 | \$400 | \$400 | \$400 | \$400 | \$400 |
| 2.2.16 Remotely-Accessed Computer Software | \$0 | \$0 | \$6,832 | \$8,087 | \$8,547 | \$8,991 |

Idaho's Tax Structure

Fiscal Summary

\$ Thousands

| | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| 2.3 Services Not Taxed | | | | | | |
| 2.3.01 Construction | \$111,862 | \$119,575 | \$133,321 | \$138,243 | \$147,501 | \$155,254 |
| 2.3.02 Agricultural and Industrial Services | \$7,828 | \$8,014 | \$8,193 | \$8,363 | \$8,592 | \$8,839 |
| 2.3.03 Transportation Services | \$37,541 | \$39,510 | \$42,069 | \$44,336 | \$46,830 | \$49,284 |
| 2.3.04 Information Services | \$82,299 | \$83,361 | \$84,552 | \$85,835 | \$87,138 | \$88,455 |
| 2.3.05 Repairs | \$43,780 | \$45,585 | \$47,879 | \$50,096 | \$52,503 | \$55,176 |
| 2.3.06 Professional Services | \$217,715 | \$226,691 | \$238,100 | \$249,124 | \$261,092 | \$274,388 |
| 2.3.07 Business Services | \$107,785 | \$112,229 | \$117,877 | \$123,335 | \$129,260 | \$135,843 |
| 2.3.08 Personal Services | \$9,813 | \$10,218 | \$10,732 | \$11,229 | \$11,768 | \$12,368 |
| 2.3.09 Health and Medical Services | \$427,696 | \$440,842 | \$464,078 | \$486,572 | \$511,376 | \$537,235 |
| 2.3.10 Social Services | \$66,967 | \$69,025 | \$72,664 | \$76,186 | \$80,069 | \$84,118 |
| 2.3.11 Educational Services | \$45,442 | \$47,315 | \$49,697 | \$51,998 | \$54,496 | \$57,271 |
| 2.3.12 Lottery Tickets and Pari-Mutuel Betting | \$10,974 | \$11,388 | \$11,819 | \$12,267 | \$12,733 | \$13,217 |
| 2.3.13 Media Measurement Services | \$68 | \$70 | \$72 | \$74 | \$77 | \$79 |
| 2.3.14 Miscellaneous Services | \$3,314 | \$3,451 | \$3,624 | \$3,792 | \$3,974 | \$4,177 |
| 2.3.15 Nonprofit Shooting Range Fees | \$36 | \$37 | \$39 | \$41 | \$43 | \$45 |
| 2.3.16 Gratuities for Meals | \$204 | \$208 | \$212 | \$217 | \$226 | \$234 |
| 2.4 Specific Entities Not Taxed | | | | | | |
| 2.4.01 Educational Institution Purchases | \$10,266 | \$10,384 | \$9,619 | \$8,890 | \$9,212 | \$9,550 |
| 2.4.02 Hospital Purchases | \$25,740 | \$26,531 | \$27,929 | \$29,283 | \$30,776 | \$32,332 |
| 2.4.03 Health Entity Purchases | \$419 | \$434 | \$451 | \$468 | \$492 | \$517 |
| 2.4.04 Canal Company Purchases | \$1,026 | \$1,040 | \$1,049 | \$1,055 | \$1,074 | \$1,097 |
| 2.4.05 Forest Protective Association Purchases | \$45 | \$46 | \$46 | \$46 | \$47 | \$48 |
| 2.4.06 Food Bank Purchases | \$300 | \$311 | \$323 | \$335 | \$352 | \$370 |
| 2.4.07 Nonsale Clothier Purchases | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 |
| 2.4.08 Centers for Independent Living | \$6 | \$6 | \$6 | \$6 | \$6 | \$7 |
| 2.4.09 State of Idaho and Local Government Purchases | \$26,295 | \$26,268 | \$24,454 | \$22,943 | \$24,528 | \$25,401 |
| 2.4.10 Ronald McDonald House Rooms | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 |
| 2.4.11 INL Research and Development Purchases | \$4,764 | \$4,999 | \$5,476 | \$5,869 | \$6,322 | \$6,751 |
| 2.4.12 Motor Vehicle Purchases by Family Members | \$1,883 | \$1,948 | \$2,078 | \$2,174 | \$2,339 | \$2,503 |
| 2.4.13 Sales by 4-H and FFA Clubs at Fairs | \$28 | \$28 | \$28 | \$28 | \$28 | \$28 |
| 2.4.14 Sales by Non-Retailers (Yard and Occasional Sales) | \$3,446 | \$3,569 | \$3,712 | \$3,851 | \$4,045 | \$4,250 |
| 2.4.15 Sales by Indian Tribes on Reservations | \$5,475 | \$5,606 | \$5,654 | \$5,705 | \$6,017 | \$6,308 |
| 2.4.16 Sales of Meals by Churches to Members | \$13 | \$13 | \$13 | \$14 | \$14 | \$15 |
| 2.4.17 Sales by Outfitters and Guides | \$16 | \$16 | \$16 | \$16 | \$16 | \$16 |
| 2.4.18 Sales Through Vending Machines | \$2,472 | \$2,526 | \$2,576 | \$2,631 | \$2,743 | \$2,837 |
| 2.4.19 Auto Manufacturer Rebates | \$621 | \$643 | \$685 | \$717 | \$772 | \$826 |
| 2.4.20 Incidental Sales by Churches | \$863 | \$894 | \$930 | \$965 | \$1,013 | \$1,064 |
| 2.4.21 Federal Excise Tax Imposed at Retail Level | NA | NA | NA | NA | NA | NA |
| 2.4.22 Federal Constitutional Prohibitions | NA | NA | NA | NA | NA | NA |
| 2.4.23 Other Federal and State Statutory Prohibitions | NA | NA | NA | NA | NA | NA |
| 2.4.24 Volunteer Fire Departments and Emergency Medical Service Agencies | \$194 | \$201 | \$209 | \$217 | \$228 | \$239 |
| 2.4.25 Senior Citizens Centers | \$46 | \$48 | \$50 | \$52 | \$54 | \$57 |
| 2.4.26 Blind Services Foundation, Inc. | \$8 | \$8 | \$9 | \$9 | \$9 | \$10 |
| 2.4.27 Advocates for Survivors of Domestic Violence and Sexual Assault | \$10 | \$10 | \$11 | \$11 | \$12 | \$12 |
| 2.4.28 Free Dental Clinics | \$11 | \$12 | \$12 | \$12 | \$13 | \$14 |
| 2.4.29 Museums | \$212 | \$219 | \$228 | \$237 | \$249 | \$261 |

TAX STRUCTURE DETAIL

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

INDIVIDUAL AND CORPORATE INCOME TAX

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

In general, deductions and exclusions **must** be used in the year they are incurred, with the exception of business net operating loss (NOL) carry forwards. Credits may be carried forward for limited time periods in certain cases where specifically authorized in the law. For example, the state's investment tax credit from a qualified purchase can be carried forward up to 14 years.

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

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

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

History: Idaho's ITC was enacted in 1982. It was amended in 1987 to prevent its automatic repeal by the federal repeal of ITC in 1986. It was amended in 1992 in response to an Idaho Supreme Court case that changed the interpretation of how the credit is applied to equipment that is used both inside and outside Idaho. It was amended in 1994 to

make technical changes relating to unitary corporations. It was amended in 1995 to extend the carryover period from five to seven years, reduced the portion of tax liability that could be offset from 50% to 45%, and eliminated a restriction on replacement property. It was amended in 2000 to increase the portion of tax liability that could be offset from 45% to 50%, and to extend the carryover period from seven to fourteen years. It was amended in 2003 to provide an option to take a property tax exemption instead of the ITC.

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

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

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

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

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

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

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

Description: This is a credit provided to taxpayers who make charitable contributions to the Anchor House; North Idaho Children's Home; Idaho Youth Ranch; Children's Home Society of Idaho, Inc.; Kinderhaven; Women's and Children's Alliance; Children's Village; Gem Youth Services; Hope House; nonprofit centers for independent living located within Idaho; Idaho Drug Free Youth, Inc.; Shepherd's Home, Inc.; Project Safe Place; Learning Lab, Inc.; Project P.A.T.C.H. (Planned Assistance for Troubled Children); or to nonprofit rehabilitation facilities located in Idaho and accredited by the Commission on Accreditation of Rehabilitation Facilities or their foundations. The credit is calculated as 50% of the contribution. For individual taxpayers the credit is limited to the lesser of \$100 or 20% of the taxpayer's income tax liability. For corporations the credit is limited to the lesser of \$500 or 10% of the taxpayer's income tax liability. There is no carryover provision.

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

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

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

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

1.1.06 Grocery Credit *Idaho Code 63-3024A*

Description: Idaho households with no more than \$1,000 of taxable income received a \$50 grocery tax credit in 2008 for each taxpayer and their dependents. After that year, the credit increased by \$10 per year until it reached \$100. The grocery tax credit for households with more than \$1,000 of taxable income started at \$30 in 2008 and increased by \$10 annually until it reached \$100. All Idahoans who are at least 65 years of age receive an additional \$20 credit. The grocery tax credit is prorated for SNAP participants, incarcerated persons, and part-year residents.

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

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

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

History: This credit was enacted in 1994.

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

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

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

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

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

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

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

Description: The Alternative Energy Device Deduction allows a deduction for the cost of acquiring, constructing, and/or installing wood, pellet, solar, wind, geothermal energy, or natural gas/propane devices to replace wood stoves in taxpayers' residences that do not meet environmental protection agency certification requirements. The deduction is limited to 40% of the cost in the first year and 20% of the cost in the next three years. No single year's deduction may exceed \$5,000. A taxpayer who buys a residence may claim any unused deduction associated with that residence subject to the restrictions noted above.

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

1.1.11 Insulation Deduction *Idaho Code 63-3022B*

Description: This deduction is for the cost of insulation installed in residences that “existed” as of January 1, 2002 and served as a residence of the taxpayer. A building “existed” if it was already built, under construction, or subject to an outstanding building permit.

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

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

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

History: Enacted in 1990.

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

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

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

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

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

History: Enacted in 2000.

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

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

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

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

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

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

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

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

History: This deduction was enacted in 1994.

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

Description: This is a deduction for contributions to medical savings accounts. It is limited to a maximum of \$10,000 per taxpayer each year. (Each spouse is counted as a taxpayer on joint returns.) Other restrictions apply.

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

1.1.19 Right Income Adjustment Credit *Idaho Code 63-3029F*

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

History: Enacted in 2015.

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

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

History: Effective January 1, 1998 through December 31, 2002.

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

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

History: Effective January 1, 2001.

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

Description: This is a variable rate credit for expenditures that qualify for Idaho's investment tax credit (see 1.1.01). Its rate is the greater of one-half of the amount by which the average three-year unemployment rate in the county in which the property is located exceeds 6%, or one-tenth of one percentage point for each full percentage point the three-year average per-capita income level in the county in which the property is

located is below 90% of the statewide average per-capita income level. The credit is limited to no more than \$500,000 per taxpayer, and no more than the taxpayer's liability after all other credits in a single tax year. It can be carried forward for up to 14 years. This credit may be sold to other taxpayers.

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

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

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

History: Enacted in 2001.

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

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

History: Enacted in 1999.

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

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

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

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

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

and adding at least 500 new jobs that either a) each pay over \$50,000 per year, or b) that average \$65,000 per year.

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

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

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

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

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

Description: This credit is contingent on a taxpayer qualifying under the “Idaho Small Employer Incentive Act of 2005.” It provides an income tax credit of 3.75% of the purchase price of new equipment installed anywhere in Idaho. Qualifying equipment is the same as equipment that qualifies under Idaho’s 3% investment tax credit (see 1.1.01). This credit is in lieu of the investment tax credit, is limited to no more than \$750,000 in any one tax year, and is subject to a 62.5% limit instead of the 50% limit specified in 63-3029B. This credit can be generated for eligible equipment purchases occurring from January 1, 2006 through December 31, 2020. Unused credits can be carried forward for up to 14 years. General qualification criteria are specified in 63-4402, and can be summed up as making an investment of at least \$500,000 in new facilities and adding at least ten new jobs paying at least \$19.23 per hour. The average wage for each additional job above the initial ten must be at least \$15.50 per hour, not including employees earning more than \$48.08 per hour.

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

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

Description: This credit is contingent on a taxpayer qualifying under the “Idaho Small Employer Incentive Act of 2005.” It provides an income tax credit of 2.5% of the purchase price of new plant (buildings and structural components of buildings) within the project site as specified in 63-2902. This credit is limited to no more than \$125,000 in any one tax year. This credit can be generated for plant purchases occurring from January 1, 2006 through December 31, 2020. Unused credits can be carried forward for up to 14 years. General qualification criteria are specified in 63-4402, and can be summed up as making an investment of at least \$500,000 in new facilities and adding at least ten new jobs paying at least \$19.23 per hour. The average wage for each additional job above the initial ten must be at least \$15.50 per hour, not including employees earning more than \$48.08 per hour.

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

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

Description: This credit is contingent on a taxpayer qualifying under the “Idaho Small Employer Incentive Act of 2005.” It provides an income tax credit ranging from \$1,500 to \$3,000 for each eligible new job created from January 1, 2006 through December 31, 2020. This credit is limited to 62.5% of the taxpayer’s tax liability in any given year. Unused credits can be carried forward for up to ten years. General qualification criteria are specified in 63-4402, and can be summed up as making an investment of at least \$500,000 in new facilities and adding at least ten new jobs paying at least \$19.23 per hour. The average wage for each additional job above the initial ten must be at least \$15.50 per hour, not including employees earning more than \$48.08 per hour.

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

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

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

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

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

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

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

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

Description: For the period prior to April 14, 2011, a \$1,000 credit is granted for each new employee who was paid an average of \$15.50 per hour during the calendar year and was eligible to receive employer-provided accident or health insurance. A \$500 credit is available for each new employee in a business involved in manufacturing or processing any natural resource product. Businesses must choose between credits, since only one type of credit per new job can be used. The amount of credit that can be claimed in any one tax year is limited (along with most other credits) to 50% of the tax otherwise imposed and may not exceed 3.25% of the taxpayer’s net income. Unused credits may be carried forward up to three years.

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

1.1.34 Reimbursement Incentive Credit *Idaho Code 67-4737*

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

History: Effective July 1, 2014.

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

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

History: Enacted in 2015. Effective January 1, 2014.

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

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

History: Enacted in 1987. Amended in 1995 to add various restrictions, including a requirement that qualifying timber must be grown in Idaho and livestock gain claimants must derive at least half of their gross income from farming or ranching operations in Idaho. Amended in 1998 to reduce the holding period for real estate from five years to eighteen months. Amended in 2005 to reduce the holding period for real estate from 18 months to 12 months. Amended in 2008 to clarify pass-through entity holding periods. Amended in 2015 to allow exclusion to owners for income from pass-through entities that derive at least half their gross income from farming or ranching.

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

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

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

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

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

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

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

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

History: Enacted in 1984.

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

Description: This exclusion is for retirement benefits paid by any of the following: a) US civil service retirement system; b) fireman's retirement fund of Idaho; c) policeman's retirement fund of a city within Idaho; and d) US Military. The exclusion is available to either retirees or un-remarried widows of retirees who are 65 years of age or older, or are disabled and 62 years of age or older. The exclusion is limited to the actual retirement payment or the maximum amount of social security benefits available, whichever is less. Expanded in 2015 to include benefits of the Foreign Service Retirement and Disability System.

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

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

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

History: Originally enacted in 1988 as 100% exclusion. Amended in 1997 to limit the income exclusion to prizes of less than \$600 starting on January 1, 1998. Amended in 1998 to restrict the exclusion to Idaho State Lottery winnings.

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

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

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

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

Description: Amounts paid to individuals from the US Civil Liberties Public Education Fund.

History: Enacted in 1989.

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

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

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

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

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

History: Enacted in 2013.

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

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

History: Enacted in 2013.

SALES AND USE TAX DETAIL

The following sales tax expenditures can be divided into four broad categories: 2.1.01 through 2.1.34 cover sales tax expenditures that are related to the specific uses of goods and services; 2.2.01 through 2.2.16 cover sales tax expenditures that are related to specific goods; 2.3.01 through 2.3.16 cover sales tax expenditures that are related to specific services; and 2.4.01 through 2.4.29 cover sales tax expenditures that are related to specific entities that receive exemptions on either all or part of the purchases or sales they make.

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

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

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

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

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

Description: This feature of the production exemption exempts equipment used to produce a taxable product for retail sale. Production activities covered by this exemption are limited to manufacturing, processing, fabricating, logging, farming, mining, and fishing and hunting operations. The equipment must be primarily and directly used in the production activity to qualify. Also, the claiming entity must be primarily engaged in a qualifying activity for its equipment to qualify. The only exception to this is logging, where any logging equipment qualifies.

Certain specific exclusions from the production exemption exist. They include: equipment that is used in activities other than the actual production activity; equipment used in transportation, including motor vehicles and aircraft that are required to be licensed by any state; equipment used to make repairs; any tangible personal property that is or is intended to become a component of real property;

recreational vehicles; and equipment used to produce exempted gas, electricity, water, or literature.

History: This exemption was originally enacted in 1965 as 63-3622D. In 1987, custom farmers were added to the exemption by amending 63-3603, definition of farming. In 1989, 63-3605A was added to include contract loggers in the production exemption. In 1990, logging was moved to a separate section and expanded to include persons who are not primarily engaged in logging. It was amended in 1991 in response to the Haener decision (Idaho Supreme Court) by adopting the integrated plant doctrine, exempting equipment used to fabricate or install production equipment, and adding safety equipment. Amended in 2006 to include equipment used to manufacture heating materials. Amended in 2008 to include equipment used to process certain materials for the production of energy. Amended in 2015 to include hand tools with a unit purchase price of \$100 or less and fishing and hunting operations.

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

Description: This feature of the production exemption exempts supplies used in the process of producing a product for resale. Production activities covered by this exemption are limited to manufacturing, processing, fabricating, farming, logging, and mining. The supplies must be primarily and directly used in the production activity to qualify. Also, the claiming entity must be primarily engaged in a qualifying activity for its production supplies to qualify. The only exception to this is logging, where any logging supplies qualify.

Certain specific inclusions to the production exemption for supplies exist. They include: repair parts, lubricants, hydraulic oil, coolants, chemicals, catalysts, safety supplies (except for logging), and, in the dairy industry, disinfectants used to clean cow udders or to clean pipes, vats, or other milking equipment. Fuel used in logging trucks is also exempt.

Certain specific exclusions from the production exemption for supplies exist. They include: supplies that are used in activities other than the actual manufacturing, mining, farming, or logging process; supplies used in transportation activities; repair supplies, other than parts for production equipment; any tangible personal property that is or is intended to become a component of real property; and supplies used to produce exempted gas, electricity, water, or literature.

History: This exemption was originally enacted in 1965 as 63-3622(d); custom farmers were added to the production exemption in 1987 by amending 63-3603, definition of farming; contract loggers were added in 1989 by adding 63-3605A. In 1990, logging was moved to a separate section and expanded to allow the exemption to apply to persons who are not primarily engaged in logging. Amended in 1991 in response to the Haener decision (Idaho Supreme Court) by adopting the integrated plant doctrine, exempting supplies used to fabricate or install production equipment, and adding safety supplies (except for logging). Amended in 1996 to add all fuel used in logging trucks. Amended in 2006 to add inputs used to manufacture heating materials. Amended in 2008 to include inputs used to process certain materials for the production of energy.

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

Description: Exempts agricultural irrigation equipment and supplies, even if attached to real property, and even if purchased by a contractor for an agricultural irrigation project.

History: Originally enacted in 1975 as 63-3622(f).

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

Description: Exempts equipment required by regulatory agencies for air or water pollution control.

History: Originally enacted in 1977 as 63-3622(e). Amended in 1997 to add certain dry-cleaning equipment. Amended in 2006 to include liners and reagents mandated by state or federal governments to meet water quality standards. Amended in 2007 to include personal property that is primarily used for meeting air or water quality standards that becomes a component, fixture, or improvement to real property.

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

Description: Provides an exemption for equipment and supplies used to produce and broadcast radio and television programs.

History: It was originally enacted in 1975 as 63-3622(w).

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

Description: Provides an exemption for equipment and supplies used to publish advertising type newspapers that are sold or given away to the public, as long as the paper contains at least 10% editorial comment and advertising revenue is the publisher's primary source of income.

History: This exemption was originally enacted in 1979 as 63-3622(x).

2.1.07 Commercial Aircraft *Idaho Code 63-3622GG*

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

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

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

Description: Provides an exemption for railroad rolling stock and for parts, equipment, and supplies used in the process of remanufacturing railroad rolling stock, whether or not the rolling stock is for resale. Rolling stock must have been used in interstate commerce at least three months prior to rebuild to qualify.

History: Enacted in 1986.

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

Description: Exempts trucks weighing over 26,000 pounds when registered in the international registration plan, as well as their trailers, when miles accumulated by the fleet outside of Idaho are minimally 10% of the total fleet miles in any annual registration period. Failure to meet the mileage requirement in any annual registration period invalidates the exemption and results in a tax liability based on the fair market value of the vehicles at the end of the nonconforming period.

History: Enacted in 1989.

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

Description: Exempts goods purchased by contractors to install into real property in nontaxing states.

History: Originally enacted in 1965 as 63-3622(b), it was amended in 1993 to extend to non-Idaho contractors.

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

Description: Excludes from the taxable sales price any amounts allowed for merchandise traded in on other like goods.

History: Enacted in 1965. Amended in 1990 to include trade-downs and barter.

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

Description: Exempts sales of otherwise taxable merchandise, equipment, and supplies in cases where the entire business operation is undergoing transfer of ownership and the business itself will continue its operations. It also exempts sales of businesses that amount to a change in the form of business ownership. It also exempts sales and leases of capital assets between closely related businesses, but only if the sales tax has previously been paid on the capital asset.

History: Originally enacted as 63-3622(l), it was amended in 1967 to add bulk sales and change in form of doing business by adopting a new definition (Section 63-3612A). Section 63-3612A was repealed and moved to 63-3622K in 1988, then amended in 1990 to add related business transfers and sales. Amended in 1996 to add leases of assets among family-owned businesses.

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

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

History: Mandated in 1987 by the federal government.

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

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

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

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

Description: Exempts goods delivered to buyers outside Idaho (63-3622Q) and in-state purchases by common carriers for use outside Idaho if transported out of Idaho under a bill of lading (63-3622P).

History: Originally enacted as 63-3622(p) and 63-3622(o) in 1965.

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

Description: Allows an exemption from use tax for goods that are donated to either the State of Idaho or to a nonprofit listed in 63-3622O, where the goods are incorporated into real property.

History: Enacted in 1991.

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

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

History: Enacted in 1985.

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

Description: Allows these industries an exemption for nondepreciable goods that are consumed by customers, such as guest hand soap provided in a motel room.

History: Enacted in 1988.

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

Description: Exempts federal meals programs for youth and elderly.

History: School lunch programs were exempted in 1965 as 63-3622(k). Amended in 1974 to add sales of meals to aging persons under the Older Americans Act.

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

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

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

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

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

History: Enacted in 1995.

2.1.22 Clean Rooms *Idaho Code 63-3622NN*

Description: Exempts any tangible personal property that is used in or becomes a part of a “clean room” used to manufacture semiconductors. Also includes property that is used to maintain a clean room.

History: Enacted in 1999. Extended to include clean rooms used for research and development in 2005.

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

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

History: Enacted in 2005 and sunset on July 1, 2011.

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

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

History: Enacted in 2005.

2.1.25 Corporate Headquarters Construction *Idaho Code 63-2908*

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

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

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

Description: This rebate is contingent on a taxpayer qualifying under the “Idaho Small Employer Incentive Act of 2005.” It provides a sales and use tax rebate for 25% of sales and use taxes paid on property constructed, located, or installed in the “project site” (as specified in 63-4402) from January 1, 2006 through December 31, 2020. General qualification criteria are specified in 63-4402, and can be summed up as making an investment of at least \$500,000 in new facilities and adding at least ten new jobs paying at least \$19.23 per hour. The average wage for each additional job above the initial ten must be at least \$15.50 per hour.

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

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

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

History: Enacted in 2006.

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

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

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

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

Description: Rebates sales tax paid to developer for costs of building or improving qualified freeway exchanges. In order to qualify, the developer must spend at least \$4 million on a retail commercial complex and at least \$6 million on a freeway interchange or interchange improvements. The maximum any developer could be reimbursed for a given freeway project is \$35 million.

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

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

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

History: Enacted in 2011.

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

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

History: Enacted in 2011.

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

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

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

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

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

History: Enacted in 2014.

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

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

History: Enacted in 2015.

2.2.01 Motor Fuels *Idaho Code 63-3622C*

Description: Exempts on-road use of motor fuels subject to motor fuels tax and exempts off-road fuels loaded in Idaho and used outside Idaho.

History: Originally enacted in 1965 as 63-3622(c). Exempted on-road use of motor fuels; amended in 1986 to exempt locomotive fuels unless loaded and burned off in Idaho.

2.2.02 Heating Materials *Idaho Code 63-3622G*

Description: Exempts wood, coal, gas, and petroleum products used as a source of heat for either industrial or domestic purposes.

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

2.2.03 Utility Sales *Idaho Code 63-3622F*

Description: Exempts sales of natural gas, electricity, and water delivered to consumers by means of wires, pipes, mains, or similar systems.

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

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

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

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

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

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

History: Enacted in 1990.

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

Description: Exempts most prescription medical items.

History: This exemption was originally enacted as 63-3622(o) in 1967 to exempt prescription drugs. It was amended in 1971 to add prescription oxygen and amended in 1976 to add prosthetics, artificial limbs, wheelchairs, hearing aids, and crutches. It was amended in 1990 to add durable medical equipment and numerous other prescription items. Amended in 1998 to exempt dental prostheses and other orthodontic appliances, except fillings. Amended in 2008 to include dental fillings and qualified items prescribed by physician assistants. Amended in 2015 to include eyeglasses and contact lenses.

2.2.07 Funeral Caskets *Idaho Code 63-3622U*

Description: Exempts goods sold in conjunction with a funeral.

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

2.2.08 Containers *Idaho Code 63-3622E*

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

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

2.2.09 Nonprofit Literature *Idaho Code 63-3622I*

Description: Exempts literature published and sold by 501(c)(3) nonprofit organizations.

History: Originally enacted in 1965 as 63-3622(j), exempting only religious literature. Amended in 1989 to include literature of all 501(c)(3) nonprofit organizations in response to the US Supreme Court ruling in *Texas Monthly versus Bullock*. Amended in 1999 to include alternative forms, including audio-visual, magnetic, optical, and other machine-readable media.

2.2.10 Official Documents *Idaho Code 63-3622AA*

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

History: Originally enacted in 1984.

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

Description: Exempts sales of precious metal bullion and coins.

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

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

Description: Exempts sales of Idaho commemorative silver medallions.

History: Originally enacted in 2003.

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

Description: Excludes 45% of the sales price of new manufactured homes and modular buildings from the taxable sales price.

History: Originally exempted 60% of the sales price of mobile homes when enacted in 1965. It was amended in 1976 to exempt 45% and add modular buildings (which were previously treated as real property improvements and taxed on materials as built).

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

Description: Exempts from taxation the amount of discount or price reduction that is offered as an inducement to commence or continue telecommunications service.

History: Enacted in 1996.

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

Description: Exempts from taxation the amount of property tax included in a rent payment for tangible personal property. To be eligible the property must initially be leased for at least a year.

History: Enacted in 2008.

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

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

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

2.3.01 Construction *Idaho Code 63-3609*

Description: Sales tax is paid on the cost of materials that are used in construction projects, but the labor component is generally not taxed. Mobile and manufactured homes are taxed on 55% of the sales price per 63-3613(c) in order to give them equivalent treatment.

History: The original language of the sales tax defined a “sale” as any transaction involving the exchange of tangible personal property for a consideration under 63-3612. In 63-3609(a) of the Sales Tax Act defining a retail sale it is stated that “all persons engaged in constructing, altering, repairing or improving real estate are consumers of the material used by them; all sales to or use by such persons of tangible personal property are taxable whether or not such persons intend resale of the improved property.”

2.3.02 Agricultural and Industrial Services

Description: This category of services includes agricultural soil preparation, planting, cultivating, and harvesting; farm management; forestry service; and mining services. NAICS major groups 115 and 213 are included in this category.

History: Originally excluded from definition of sales tax base.

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

Description: Most charges for transportation of freight and passengers are exempt from the sales tax. Exceptions (i.e., taxable transportation charges) include transportation of manufactured homes by the dealer and the cost of transportation prior to the sale. NAICS major groups 481 through 492 are included in this category.

History: Transportation services have generally been exempt since the enactment of the sales tax in 1965. The exclusion for transportation of manufactured homes was added in 1986. Air charter transportation of freight and passengers was made taxable in 1988.

2.3.04 Information Services

Description: Subscriptions or charges for one-way and two-way transmissions of signals containing information (sound, images, data, etc.) and information services (internet providers, etc.) are not taxed. This exemption consists mostly of local and long-distance telephone service and cable television. NAICS major groups 515, 516, 517, 518, and 519 are included in this category.

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

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

Description: The labor charges associated with repairing or installing tangible personal property are generally not taxable as long as they are separately stated on the bill. NAICS major group 811 is included in this category.

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

2.3.06 Professional Services

Description: Legal, accounting, engineering, architectural, consulting, scientific research, and advertising services fall within this category. NAICS major group 541 is included in this category.

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

2.3.07 Business Services

Description: Office services, employment services, building services, employment agencies, facility services, and security agencies are some of the major elements of this category. NAICS major groups 561 and 562 are in this category.

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

2.3.08 Personal Services

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

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

2.3.09 Health and Medical Services

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

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

2.3.10 Social Services

Description: Adult and child day care, residential care, and adoption services are some of the principal elements of this category. NAICS major group 624 is this category.

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

2.3.11 Educational Services

Description: Private elementary and secondary schools, colleges and universities, libraries, vocational schools, driving instruction, flight schools, and modeling schools are among the establishments covered by this category. NAICS major group 611 is this category.

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

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

Description: Exempts the sale and purchase of lottery tickets and pari-mutuel betting from the sales tax. Also exempts from sales tax any equipment used in lottery operations.

History: Enacted in 1988.

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

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

History: Enacted in 1997.

2.3.14 Miscellaneous Services

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

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

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

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

History: Enacted in 2006.

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

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

History: Enacted in 2011.

2.4.01 Educational Institution Purchases *Idaho Code 63-3622O(1)(a) and 33-5204*

Description: Exempts all purchases by nonprofit colleges, universities, and primary and secondary schools. Excludes from exemption schools that primarily teach business, dancing, gymnastics, dramatics, music, cosmetology, writing, exercise, and “other special accomplishments.”

History: This was originally enacted as 63-3622(s) in 1967 and amended in 1990 to add nonresident schools with Idaho facilities. It was amended in 1993 to add all nonresident schools not otherwise excluded. In 1999, 33-5204 was added to explicitly include charter schools to this exemption. Amended in 2008 to include the Idaho Digital Learning Academy.

2.4.02 Hospital Purchases *Idaho Code 63-3622O(1)(a)*

Description: Exempts all purchases by nonprofit hospitals that are licensed by the state for the care of ill persons. Excludes from exemption nursing homes or “similar institutions.”

History: Originally enacted as 63-3622(s) in 1967.

2.4.03 Health Entity Purchases *Idaho Code 63-3622O(1)(a)*

Description: Exempts all purchases by certain specified “health-related entities.” The list consists of the following: Idaho Cystic Fibrosis Foundation, Idaho Epilepsy League, Idaho Lung Association, March of Dimes, American Cancer Society, Camp Rainbow Gold, Mental Health Association, The ARC, The Children’s Home Society of Idaho, American Heart Association, Idaho Ronald McDonald House, United Cerebral Palsy, Arthritis Foundation, Muscular Dystrophy Foundation, National Multiple Sclerosis Society, Rocky Mountain Kidney Association, American Diabetes Association, Easter Seals, Idaho Community Action Agencies, Idaho Primary Care Association and its community health care centers, Idaho Diabetes Youth Program, Idaho Women’s and Children’s Alliance, and Special Olympics Idaho. It also includes the local or regional chapters or divisions of these entities.

History: Amended in 1980 to add first list of health-related entities. Amended several times to expand the list of eligible entities.

2.4.04 Canal Company Purchases *Idaho Code 63-3622O(1)(a)*

Description: Exempts all purchases by canal companies. Canal companies are defined as nonprofit corporations whose sole purpose is operating and maintaining dams, reservoirs, canals, lateral and drainage ditches, pumps, and pumping plants.

History: Originally enacted in 1967 as 63-3622(s).

2.4.05 Forest Protective Association Purchases *Idaho Code 63-3622O(1)(a)*

Description: Exempts all purchases by forest protective associations. Forest protective associations are associations that detect, prevent, and suppress forest or range fires. They include only those associations that contract with the State of Idaho under the Idaho Forestry Act.

History: Enacted in 1979.

2.4.06 Food Bank Purchases *Idaho Code 63-3622O(1)(b, c)*

Description: Exempts all purchases by food banks or soup kitchens. Includes the Idaho Food Bank Warehouse, Inc. by specific reference, and also includes any other nonprofit corporation or association that furnishes food or food products to others without charge.

History: Enacted in 1991.

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

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

History: Enacted in 1992.

2.4.08 Centers for Independent Living *Idaho Code 63-3622O(1)(e)*

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

History: Enacted in 1997.

2.4.09 State of Idaho and Local Government Purchases *Idaho Code 63-3622O(1)(f)*

Description: Exempts Idaho governmental agencies from paying sales tax on purchases.

History: Enacted in 1997; exemption was done by Tax Commission regulation from enactment of the sales tax to 1997.

2.4.10 Ronald McDonald House Rooms *Idaho Code 63-3622O(5)*

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

History: Enacted in 1997.

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

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

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

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

Description: Exempts sales of motor vehicles between family members related within the second degree of consanguinity.

History: Section 63-3612A was amended in 1980 to add the sale of motor vehicles to family members. It was repealed and moved to 63-3622K in 1988.

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

Description: Exempts sales of animals by any 4-H club or FFA club held in conjunction with a fair or the Western Idaho Spring Lamb Sale.

History: Enacted in 1979 by amending 63-3612A. Moved to 63-3622K in 1988.

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

Description: Exempts sales of items by individuals who are not retailers and who are not behaving as a retailer. Covers transactions such as occasional yard sales, occasional classified ad sales, etc. Motor vehicle sales are specifically excluded from this exemption.

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

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

Description: Exempts sales made by Idaho Indian tribal businesses on an Indian reservation from sales and use taxes. This exemption includes a detailed definition of a reservation.

History: Originally enacted as 63-3622(aa) in 1984; exempted sales of tangible personal property by tribes within reservation boundaries; amended in 1987 to include sales of services and to define a reservation.

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

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

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

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

Description: Allows outfitters to exclude from the taxable amount charged to their customers the federal fees imposed on outfitters for the right to use recreational sites.

History: Enacted in 1990. Amended in 1994 to eliminate the provision that the federal fees must be for the purpose of managing the land or water upon which the outfitting occurs.

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

Description: Allows retailers selling products through vending machines for \$1.00 or less to pay tax on 117% of their acquisition cost of the products rather than on the retail sales price.

History: Enacted in 1977.

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

Description: Allows dealers to deduct the amount of a rebate given to the buyer, by the motor vehicle manufacturer, from the taxable sales price of the vehicle.

History: Enacted in 1990.

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

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

History: Enacted in 1990.

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

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

History: Originally enacted in 1965.

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

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

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

2.4.23 Other Federal and State Statutory Prohibitions

Description: Exemptions granted from state sales tax by other state statutes and by federal statutes, such as the American Red Cross, Amtrak, credit unions, Emergency 911, Federal Intermediate Credit Banks, Federal Land Banks, foreign diplomats, Idaho Health Facility Authority, Idaho Housing Authority, Idaho Life and Health Insurance Guaranty Association, Idaho Onion Commission, Idaho Potato Commission, Idaho Turnpike Authority, Idaho Wheat Commission, Junior College Dormitory Housing Authority, Production Credit Association, Regional Airport Authority, aircraft flights, and navigable water-based transportation.

History: Varies by statute.

2.4.24 Volunteer Fire Departments and Emergency Medical Service Agencies *Idaho Code 63-3622O(1)(g)*

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

History: Enacted in 2002.

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

Description: Exempts purchases by senior citizen centers.

History: Enacted in 2002.

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

Description: Exempts purchases by Blind Services Foundation, Inc.

History: Enacted in 2004.

2.4.27 Advocates for Survivors of Domestic Violence and Sexual Assault *Idaho Code 63-3622O(1)(j)*

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

History: Enacted in 2006

2.4.28 Free Dental Clinics *Idaho Code 63-3622O(1)(k)*

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

History: Enacted in 2006

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

Description: Exempts purchases by and admissions to nonprofit museums.

History: Enacted in 2006

CROSS REFERENCE TABLE
In General Fund Revenue Book Order

| | Title | Idaho Code |
|--------|---|-------------------|
| 1.1.01 | Investment Tax Credit | 63-3029B |
| 1.1.02 | Other States Tax Credit | 63-3029 |
| 1.1.03 | Elderly Dependent Credit | 63-3025D |
| 1.1.04 | Youth and Rehabilitation Credit | 63-3029C |
| 1.1.05 | Schools, Libraries, and Museums Credit | 63-3029A |
| 1.1.06 | Grocery Credit | 63-3024A |
| 1.1.07 | Recycling Equipment Credit | 63-3029D |
| 1.1.08 | Technological Equipment Deduction | 63-3022J |
| 1.1.09 | Long-Term Care Insurance Deduction | 63-3022Q |
| 1.1.10 | Alternative Energy Device Deduction | 63-3022C |
| 1.1.11 | Insulation Deduction | 63-3022B |
| 1.1.12 | Workers' Compensation Premium Deduction | 63-3022(m) |
| 1.1.13 | Child Care Deduction | 63-3022D |
| 1.1.14 | College Savings Deduction | 63-3022(n) |
| 1.1.15 | Health Insurance Deduction | 63-3022P |
| 1.1.16 | Elderly and Developmental Disability Deduction | 63-3022E |
| 1.1.17 | Adoption Expense Deduction | 63-3022I |
| 1.1.18 | Medical Savings Account Deduction | 63-3022K |
| 1.1.19 | Right Income Adjustment Credit | 63-3029F |
| 1.1.20 | Riparian Land Improvements Credit | 63-3024B |
| 1.1.21 | Broadband Investment Credit | 63-3029I |
| 1.1.22 | County Incentive Investment Tax Credit | 63-3029J |
| 1.1.23 | Research Activity Credit | 63-3029G |
| 1.1.24 | Promoter Sponsored Events Credit | 63-3620C(3)(b) |
| 1.1.25 | Corporate Headquarters Investment Credit | 63-2903 |
| 1.1.26 | Corporate Headquarters Real Property Improvement Credit | 63-2904 |
| 1.1.27 | Corporate Headquarters New Jobs Credit | 63-2905 |
| 1.1.28 | Small Employer Capital Investment Credit | 63-4403 |
| 1.1.29 | Small Employer Real Property Improvement Credit | 63-4404 |
| 1.1.30 | Small Employer New Jobs Credit | 63-4405 |
| 1.1.31 | Live Organ Donation Expenses Credit | 63-3029K |
| 1.1.32 | Biofuel Investment Tax Credit | 63-3029M |
| 1.1.33 | Special Job Credit | 63-3029EE |
| 1.1.34 | Reimbursement Incentive Credit | 67-4737 |
| 1.1.35 | Certain Charitable Contributions Deduction | 63-3022U |
| 1.2.01 | Capital Gains Exclusion | 63-3022H |
| 1.2.02 | Government Interest Exclusion | 63-3022M |
| 1.2.03 | Social Security Exclusion | 63-3022(l) |
| 1.2.04 | Railroad Retirement Exclusion | 63-3022(l) |
| 1.2.05 | Retirement Benefit Exclusion | 63-3022A |
| 1.2.06 | Idaho Lottery Winnings Exclusion | 67-7439 |
| 1.2.07 | Indian Earnings on Reservation Exclusion | 63-3022S |
| 1.2.08 | World War II Reparations Exclusion | 63-3022G |
| 1.2.09 | Marriage Penalty Deduction | 63-3022N |

| | Title | Idaho Code |
|--------|---|------------------------|
| 1.2.10 | Certain Loss Recoveries Deduction | 63-3022R |
| 1.2.11 | Nonresident Guaranteed Partnership Income Exclusion | 63-3026A(3)(a)(i) |
| 2.1.01 | Production Exemption - Equipment | 63-3622D 63-3622JJ |
| 2.1.02 | Production Exemption - Supplies | 63-3622D 63-3622JJ |
| 2.1.03 | Irrigation Equipment and Supplies | 63-3622W |
| 2.1.04 | Pollution Control Equipment | 63-3622X |
| 2.1.05 | Broadcast Equipment and Supplies | 63-3622S |
| 2.1.06 | Publishing Equipment and Supplies | 63-3622T |
| 2.1.07 | Commercial Aircraft | 63-3622GG |
| 2.1.08 | Railroad Rolling Stock and Remanufacturing | 63-3622CC 63-3622DD |
| 2.1.09 | Interstate Trucks | 63-3622R(c) |
| 2.1.10 | Out-of-State Contracts | 63-3622B |
| 2.1.11 | Trade-in Value | 63-3613(b)2 |
| 2.1.12 | Sale or Lease of Businesses or Business Assets | 63-3622K(b)(2-5) |
| 2.1.13 | SNAP/WIC | 63-3622EE 63-3622FF |
| 2.1.14 | Vehicles and Vessels Sold to Nonresidents | 63-3622R(a) |
| 2.1.15 | Common Carrier Purchases and Out-of-State Sales | 63-3622Q 63-3622P |
| 2.1.16 | Donations of Real Property to Idaho Government | 63-3621(m) |
| 2.1.17 | Incidental Sales of Tangible Personal Property | 63-3609 |
| 2.1.18 | Lodging, Eating, and Drinking Places | 63-3612 |
| 2.1.19 | School Lunches and Senior Citizen Meals | 63-3622J |
| 2.1.20 | Drivers Education Automobiles | 63-3622R(e) |
| 2.1.21 | Ski Lifts and Snowgrooming Equipment | 63-3622Y |
| 2.1.22 | Clean Rooms | 63-3622NN |
| 2.1.23 | Alternative Electricity-Producing Equipment | 63-3622QQ |
| 2.1.24 | Research and Development Equipment | 63-3622RR |
| 2.1.25 | Corporate Headquarters Construction | 63-2908 |
| 2.1.26 | Small Employer Headquarters Construction | 63-4408 |
| 2.1.27 | Glider Kit Vehicles | 63-3622R(d) |
| 2.1.28 | Media Production Projects | 63-3622TT |
| 2.1.29 | State Tax Anticipation Revenue | 63-3641 |
| 2.1.30 | Motor Vehicles of Nonresident Students | 63-3621(k) |
| 2.1.31 | Personal Property of Military Personnel | 63-3621(l) |
| 2.1.32 | Beverage and Food Samples | 63-3621(n) |
| 2.1.33 | Beverage and Food Donations | 63-3621(o) |
| 2.1.34 | Prepared Beverage and Food Given to Employees | 63-3621(p) |
| 2.2.01 | Motor Fuels | 63-3622C |
| 2.2.02 | Heating Materials | 63-3622G |
| 2.2.03 | Utility Sales | 63-3622F |
| 2.2.04 | Used Manufactured Homes | 63-3622R(b) |
| 2.2.05 | Vending Machines and Amusement Devices | 63-3622II |
| 2.2.06 | Prescriptions and Durable Medical Equipment | 63-3622N |
| 2.2.07 | Funeral Caskets | 63-3622U |

| | Title | Idaho Code |
|--------|---|----------------------------|
| 2.2.08 | Containers | 63-3622E |
| 2.2.09 | Nonprofit Literature | 63-3622I |
| 2.2.10 | Official Documents | 63-3622AA |
| 2.2.11 | Precious Metal Bullion | 63-3622V |
| 2.2.12 | Idaho Commemorative Silver Medallions | 63-3622PP |
| 2.2.13 | New Manufactured Homes or Modular Buildings | 63-3613(c) |
| 2.2.14 | Telecommunications Equipment | 63-3613(b)10 63-3621(a) |
| 2.2.15 | Personal Property Tax on Rentals | 63-3622UU |
| 2.2.16 | Remotely-Accessed Computer Software | 63-3616(b) |
| 2.3.01 | Construction | 63-3609 |
| 2.3.02 | Agricultural and Industrial Services | |
| 2.3.03 | Transportation Services | 63-3613(b)7 |
| 2.3.04 | Information Services | |
| 2.3.05 | Repairs | 63-3613(b)4 |
| 2.3.06 | Professional Services | |
| 2.3.07 | Business Services | |
| 2.3.08 | Personal Services | |
| 2.3.09 | Health and Medical Services | |
| 2.3.10 | Social Services | |
| 2.3.11 | Educational Services | |
| 2.3.12 | Lottery Tickets and Pari-Mutuel Betting | 67-7439 |
| 2.3.13 | Media Measurement Services | 63-3622LL |
| 2.3.14 | Miscellaneous Services | |
| 2.3.15 | Nonprofit Shooting Range Fees | 63-3622SS |
| 2.3.16 | Gratuities for Meals | 63-3613(f) |
| 2.4.01 | Educational Institution Purchases | 63-3622O(1)(a), 33-5204 |
| 2.4.02 | Hospital Purchases | 63-3622O(1)(a) |
| 2.4.03 | Health Entity Purchases | 63-3622O(1)(a) |
| 2.4.04 | Canal Company Purchases | 63-3622O(1)(a) |
| 2.4.05 | Forest Protective Association Purchases | 63-3622O(1)(a) |
| 2.4.06 | Food Bank Purchases | 63-3622O(1)(b,c) |
| 2.4.07 | Nonsale Clothier Purchases | 63-3622O(1)(d) |
| 2.4.08 | Centers for Independent Living | 63-3622O(1)(e) |
| 2.4.09 | State of Idaho and Local Government Purchases | 63-3622O(1)(f) |
| 2.4.10 | Ronald McDonald House Rooms | 63-3622O(5) |
| 2.4.11 | INL Research and Development Purchases | 63-3622BB |
| 2.4.12 | Motor Vehicle Purchases by Family Members | 63-3622K(c) |
| 2.4.13 | Sales by 4-H and FFA Clubs at Fairs | 63-3622K(b)7 |
| 2.4.14 | Sales by Nonretailers (Yard and Occasional Sales) | 63-3622K(b)(1,6,8) |
| 2.4.15 | Sales by Indian Tribes on Reservations | 63-3622Z |
| 2.4.16 | Sales of Meals by Churches to Members | 63-3622J |
| 2.4.17 | Sales by Outfitters and Guides | 63-3613(b)9 |
| 2.4.18 | Sales Through Vending Machines | 63-3613(e) |
| 2.4.19 | Auto Manufacturer Rebates | 63-3613(b)8 |
| 2.4.20 | Incidental Sales by Churches | 63-3622KK |
| 2.4.21 | Federal Excise Tax Imposed at Retail Level | 63-3613(b)5 |
| 2.4.22 | Federal Constitutional Prohibitions | 63-3622A |

| | Title | Idaho Code |
|--------|---|-------------------|
| 2.4.23 | Other Federal and State Statutory Prohibitions | Various |
| 2.4.24 | Volunteer Fire Departments and Emergency Medical Service | 63-3622O(1)(g) |
| 2.4.25 | Senior Citizens Centers | 63-3622O(1)(h) |
| 2.4.26 | Blind Services Foundation, Inc. | 63-3622O(1)(i) |
| 2.4.27 | Advocates for Survivors of Domestic Violence and Sexual Assault | 63-3622O(1)(j) |
| 2.4.28 | Free Dental Clinics | 63-3622O(1)(k) |
| 2.4.29 | Museums | 63-3622O(1)(l) |

CROSS REFERENCE TABLE

In Idaho Code Order

| Idaho Code | | Title |
|-------------------|--------|---|
| 33-5204 | 2.4.01 | Educational Institution Purchases |
| 63-2903 | 1.1.25 | Corporate Headquarters Investment Credit |
| 63-2904 | 1.1.26 | Corporate Headquarters Real Property Improvement Credit |
| 63-2905 | 1.1.27 | Corporate Headquarters New Jobs Credit |
| 63-2908 | 2.1.25 | Corporate Headquarters Construction |
| 63-3022(l) | 1.2.03 | Social Security Exclusion |
| | 1.2.04 | Railroad Retirement Exclusion |
| 63-3022(m) | 1.1.12 | Workers' Compensation Premium Deduction |
| 63-3022(n) | 1.1.14 | College Savings Deduction |
| 63-3022A | 1.2.05 | Retirement Benefit Exclusion |
| 63-3022B | 1.1.11 | Insulation Deduction |
| 63-3022C | 1.1.10 | Alternative Energy Device Deduction |
| 63-3022D | 1.1.13 | Child Care Deduction |
| 63-3022E | 1.1.16 | Elderly and Developmental Disability Deduction |
| 63-3022G | 1.2.08 | World War II Reparations Exclusion |
| 63-3022H | 1.2.01 | Capital Gains Exclusion |
| 63-3022I | 1.1.17 | Adoption Expense Deduction |
| 63-3022J | 1.1.08 | Technological Equipment Deduction |
| 63-3022K | 1.1.18 | Medical Savings Account Deduction |
| 63-3022M | 1.2.02 | Government Interest Exclusion |
| 63-3022N | 1.2.09 | Marriage Penalty Deduction |
| 63-3022P | 1.1.15 | Health Insurance Deduction |
| 63-3022Q | 1.1.09 | Long-Term Care Insurance Deduction |
| 63-3022R | 1.2.10 | Certain Loss Recoveries Deduction |
| 63-3022S | 1.2.07 | Indian Earnings on Reservation Exclusion |
| 63-3022U | 1.1.35 | Certain Charitable Contributions Deduction |
| 63-3024A | 1.1.06 | Grocery Credit |
| 63-3024B | 1.1.20 | Riparian Land Improvements Credit |
| 63-3025D | 1.1.03 | Elderly Dependent Credit |
| 63-3026A(3)(a)(i) | 1.2.11 | Nonresident Guaranteed Partnership Income Exclusion |
| 63-3029 | 1.1.02 | Other States Tax Credit |
| 63-3029A | 1.1.05 | Schools, Libraries, and Museums Credit |
| 63-3029B | 1.1.01 | Investment Tax Credit |
| 63-3029C | 1.1.04 | Youth and Rehabilitation Credit |
| 63-3029D | 1.1.07 | Recycling Equipment Credit |
| 63-3029EE | 1.1.33 | Special Job Credit |
| 63-3029F | 1.1.19 | Right Income Adjustment Credit |
| 63-3029G | 1.1.23 | Research Activity Credit |
| 63-3029I | 1.1.21 | Broadband Investment Credit |
| 63-3029J | 1.1.22 | County Incentive Investment Tax Credit |
| 63-3029K | 1.1.31 | Live Organ Donation Expenses Credit |
| 63-3029M | 1.1.32 | Biofuel Investment Tax Credit |
| 63-3609 | 2.1.17 | Incidental Sales of Tangible Personal Property |
| | 2.3.01 | Construction |

| Idaho Code | | Title |
|--------------------|------------------|--|
| 63-3612 | 2.1.18 | Lodging, Eating, and Drinking Places |
| 63-3613(b)2 | 2.1.11 | Trade-in Value |
| 63-3613(b)4 | 2.3.05 | Repairs |
| 63-3613(b)5 | 2.4.21 | Federal Excise Tax Imposed at Retail Level |
| 63-3613(b)7 | 2.3.03 | Transportation Services |
| 63-3613(b)8 | 2.4.19 | Auto Manufacturer Rebates |
| 63-3613(b)9 | 2.4.17 | Sales by Outfitters and Guides |
| 63-3613(b)10 | 2.2.14 | Telecommunications Equipment |
| 63-3613(c) | 2.2.13 | New Manufactured Homes or Modular Buildings |
| 63-3613(e) | 2.4.18 | Sales Through Vending Machines |
| 63-3613(f) | 2.3.16 | Gratuities for Meals |
| 63-3616(b) | 2.2.16 | Remotely-Accessed Computer Software |
| 63-3620C(3)(b) | 1.1.24 | Promoter Sponsored Events Credit |
| 63-3621(a) | 2.2.14 | Telecommunications Equipment |
| 63-3621(k) | 2.1.30 | Motor Vehicles of Nonresident Students |
| 63-3621(l) | 2.1.31 | Personal Property of Military Personnel |
| 63-3621(m) | 2.1.16 | Donations of Real Property to Idaho Government |
| 63-3621(n) | 2.1.32 | Beverage and Food Samples |
| 63-3621(o) | 2.1.33 | Beverage and Food Donations |
| 63-3621(p) | 2.1.34 | Prepared Beverage and Food Given to Employees |
| 63-3622A | 2.4.22 | Federal Constitutional Prohibitions |
| 63-3622AA | 2.2.10 | Official Documents |
| 63-3622B | 2.1.10 | Out-of-State Contracts |
| 63-3622BB | 2.4.11 | INL Research and Development Purchases |
| 63-3622C | 2.2.01 | Motor Fuels |
| 63-3622CC | 2.1.08 | Railroad Rolling Stock and Remanufacturing |
| 63-3622D | 2.1.01 2.1.02 | Production Exemption - Equipment Production Exemption - Supplies |
| 63-3622DD | 2.1.08 | Railroad Rolling Stock and Remanufacturing |
| 63-3622E | 2.2.08 | Containers |
| 63-3622EE | 2.1.13 | SNAP/WIC |
| 63-3622F | 2.2.03 | Utility Sales |
| 63-3622FF | 2.1.13 | SNAP/WIC |
| 63-3622G | 2.2.02 | Heating Materials |
| 63-3622GG | 2.1.07 | Commercial Aircraft |
| 63-3622I | 2.2.09 | Nonprofit Literature |
| 63-3622II | 2.2.05 | Vending Machines and Amusement Devices |
| 63-3622J | 2.1.19 2.4.16 | School Lunches and Senior Citizen Meals Sales of Meals by Churches to Members |
| 63-3622JJ | 2.1.01 2.1.02 | Production Exemption - Equipment Production Exemption - Supplies |
| 63-3622K(b)(1,6,8) | 2.4.14 | Sales by Nonretailers (Yard and Occasional Sales) |
| 63-3622K(b)(2-5) | 2.1.12 | Sale or Lease of Businesses or Business Assets |
| 63-3622K(b)7 | 2.4.13 | Sales by 4-H and FFA Clubs at Fairs |
| 63-3622K(c) | 2.4.12 | Motor Vehicle Purchases by Family Members |
| 63-3622KK | 2.4.20 | Incidental Sales by Churches |
| 63-3622LL | 2.3.13 | Media Measurement Services |
| 63-3622N | 2.2.06 | Prescriptions and Durable Medical Equipment |

| Idaho Code | | Title |
|-------------------|--|--|
| 63-3622NN | 2.1.22 | Clean Rooms |
| 63-3622O(1)(a) | 2.4.01 2.4.02 2.4.03 2.4.04 2.4.05 | Educational Institution Purchases Hospital Purchases Health Entity Purchases Canal Company Purchases Forest Protective Association Purchases |
| 63-3622O(1)(b,c) | 2.4.06 | Food Bank Purchases |
| 63-3622O(1)(d) | 2.4.07 | Nonsale Clothier Purchases |
| 63-3622O(1)(e) | 2.4.08 | Centers for Independent Living |
| 63-3622O(1)(f) | 2.4.09 | State of Idaho and Local Government Purchases |
| 63-3622O(1)(g) | 2.4.24 | Volunteer Fire Departments and Emergency Medical Service Agencies |
| 63-3622O(1)(h) | 2.4.25 | Senior Citizens Centers |
| 63-3622O(1)(i) | 2.4.26 | Blind Services Foundation, Inc. |
| 63-3622O(1)(j) | 2.4.27 | Advocates for Survivors of Domestic Violence and Sexual Assault |
| 63-3622O(1)(k) | 2.4.28 | Free Dental Clinics |
| 63-3622O(1)(l) | 2.4.29 | Museums |
| 63-3622O(5) | 2.4.10 | Ronald McDonald House Rooms |
| 63-3622P | 2.1.15 | Common Carrier Purchases and Out-of-State Sales |
| 63-3622PP | 2.2.12 | Idaho Commemorative Silver Medallions |
| 63-3622Q | 2.1.15 | Common Carrier Purchases and Out-of-State Sales |
| 63-3622QQ | 2.1.23 | Alternative Electricity-Producing Equipment |
| 63-3622R(a) | 2.1.14 | Vehicles and Vessels Sold to Nonresidents |
| 63-3622R(b) | 2.2.04 | Used Manufactured Homes |
| 63-3622R(c) | 2.1.09 | Interstate Trucks |
| 63-3622R(d) | 2.1.27 | Glider Kit Vehicles |
| 63-3622R(e) | 2.1.20 | Drivers Education Automobiles |
| 63-3622RR | 2.1.24 | Research and Development Equipment |
| 63-3622S | 2.1.05 | Broadcast Equipment and Supplies |
| 63-3622SS | 2.3.15 | Nonprofit Shooting Range Fees |
| 63-3622T | 2.1.06 | Publishing Equipment and Supplies |
| 63-3622TT | 2.1.28 | Media Production Projects |
| 63-3622U | 2.2.07 | Funeral Caskets |
| 63-3622UU | 2.2.15 | Personal Property Tax on Rentals |
| 63-3622V | 2.2.11 | Precious Metal Bullion |
| 63-3622W | 2.1.03 | Irrigation Equipment and Supplies |
| 63-3622X | 2.1.04 | Pollution Control Equipment |
| 63-3622Y | 2.1.21 | Ski Lifts and Snowgrooming Equipment |
| 63-3622Z | 2.4.15 | Sales by Indian Tribes on Reservations |
| 63-3641 | 2.1.29 | State Tax Anticipation Revenue |
| 63-4403 | 1.1.28 | Small Employer Capital Investment Credit |
| 63-4404 | 1.1.29 | Small Employer Real Property Improvement Credit |
| 63-4405 | 1.1.30 | Small Employer New Jobs Credit |
| 63-4408 | 2.1.26 | Small Employer Headquarters Construction |
| 67-4737 | 1.1.34 | Reimbursement Incentive Credit |
| 67-7439 | 1.2.06 2.3.12 | Idaho Lottery Winnings Exclusion Lottery Tickets and Pari-Mutuel Betting |