

General Fund Revenue Book

- Economic Forecast
- Revenue Forecast
- Tax Expenditures

Idaho Fiscal Year 2027
July 1, 2026 – June 30, 2027



BRAD LITTLE
Governor

Introduction	3
This publication's basis	3
Uncertainty in forecasting	3
Economic forecast	3
Idaho General Fund Revenue	5
Classifications	5
Method	6
Individual Income Tax	7
Sales tax	7
Corporate income tax	8
Cigarette tax	8
Tobacco tax	9
Beer tax	9
Wine tax	9
Kilowatt-hour tax	9
Mine license tax	10
Liquor fund	10
Interest earnings	10
Court fees and fines	10
Insurance premium tax	10
Unclaimed property	11
UCC filings	11
Other departments and transfers	11
Tax Structure	12
Introduction	12
Individual Income and Business Tax	13
Tax Structure Detail	19
Individual and Corporate Income Tax	19
Sales and Use Tax Detail	31

Introduction

This publication's basis. This is a culminating product of several forecasting steps. The first is a national economic forecast, for which DFM is a consumer. For the present publication this is the December 2025 baseline edition of the Moody's forecast for the US economy. On that, DFM bases its *Idaho Economic Forecast*. That forecast uses similar structure to how the US bureaus of Labor Statistics and Economic Analysis categorize the US economy by job sectors and income types. Upon that forecast, DFM produces both the revenue forecast as well as the tax expenditures forecast.

Uncertainty in forecasting. Although the revenue model is specified in precise quantitative terms, several levels of uncertainty exist. Every statistical process relies upon probabilities. Most of these are conditional: the probability of one thing occurring given other events or measurements. Almost always, those probabilities are strictly between 0 and 100%, meaning that there are no guarantees, only likelihoods. As an example, a probability distribution relates wage growth to job growth.

Since most of Idaho's revenue sectors depend heavily on Idaho total personal income level, the revenue forecast is particularly sensitive to those factors that influence Idaho's personal income.

Economic forecast. The latest economic forecast can be accessed via

<https://dfm.idaho.gov/economic-analysis/economic-publications/>

and obtaining the latest *Idaho Economic Forecast*. Summary tables within that as well as graphs give an indication of baseline forecast. Numeric details are provided via [XLSX LINK](#) within the introduction of that publication. Dashboards display graphs of many of the most salient economic variables from that forecast.

Idaho General Fund Revenue

Classifications. Individual income, sales, and corporate income taxes account for about 95 percent of Idaho's General Fund revenue. Historically, individual income tax has been the largest contributor to the General Fund. Sales tax collections have, on net, been greater for several years, but the portion directed to the General Fund has been less than accrued receipts from individual income taxes. Corporate tax receipts have historically been well under half of the value of the other two main streams of income for the General Fund, but that changed in 2022 with corporate tax receipts approaching half of the value of one of those other two main streams of income.

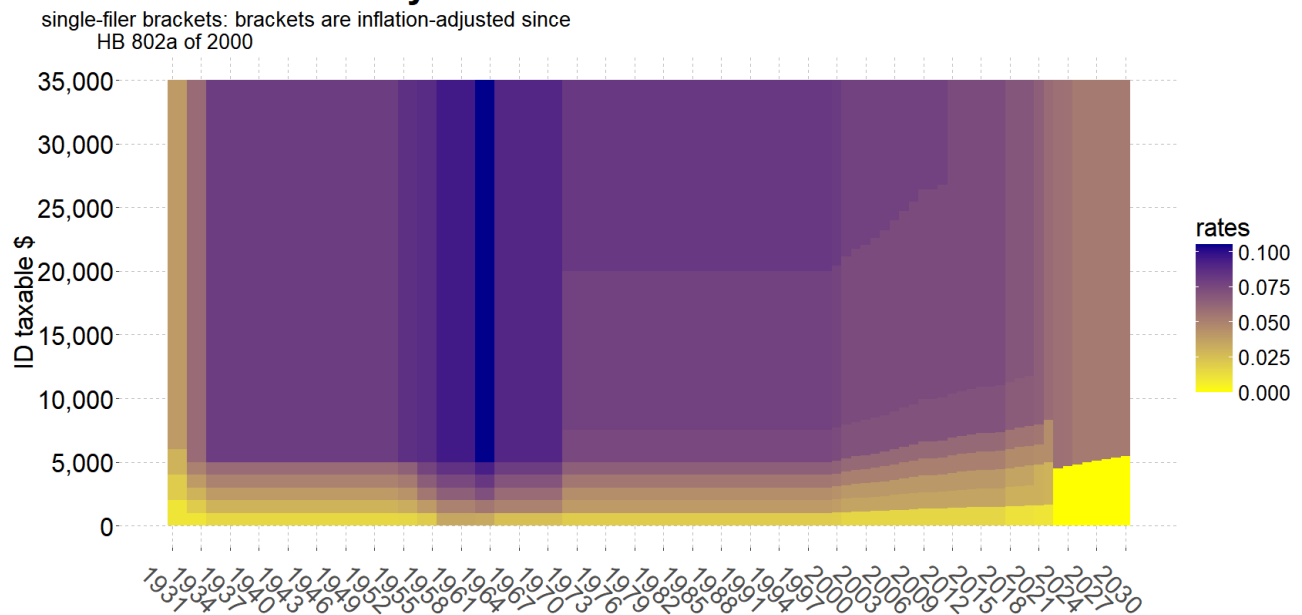
Largely this expansion of corporate tax collections since 2022 is explained by the State and Local Tax (SALT) work-around blessed by the IRS in <https://www.irs.gov/pub/irs-drop/n-20-75.pdf> and endorsed by Idaho via [HB317](#) of the 2021 session. The SALT work-around was further adjusted through the major 2025 federal legislation [OB3](#) this year, making the work-around necessary only for those whose state and local (property) taxes are over \$40-thousand and who wish to deduct their SALT payments on their federal income tax return.

For Idaho's fiscal 2026, there is a reversal of a newer diversions in the sales tax stream; \$330-million had been diverted out of the sales tax revenue stream directly to the public school income fund. Now that amount is redirected back to the general fund, with an expectation that it will be used for public schools.

Finally, income tax rates have had several recent changes, including [HB 40](#) from the 2025 session. A graphical summary of the many income tax rate changes is provided here.

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

Tax rates across history



Method. All these revenue sources are forecast using a combination of econometric methods. The main econometric method employed is multiple regression, using variables contained in the *Idaho Economic Forecast*. History informs the take-off and trajectories for the forecast, with manual overrides for impending law changes. In particular, the forecasts use all available recent collections history, i.e., receipts to date, meaning receipts through November 2025.

The tables in this text show both history for Idaho fiscal year 2025 as well as the **forecast** total for all of Idaho fiscal year 2026. The forecast for 2026, in particular, incorporates the history for fiscal year 2026 through November 2025.

Within the miscellaneous and product taxes, some components are projected by experts in various Idaho government departments.

INDIVIDUAL INCOME TAX

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

Although Idaho conforms to most of the federal income tax provisions for determining taxable income, a few differences exist. Idaho's definition of taxable income excludes 100% of social security income, 60% of certain capital gains, and 100% of interest earned on US government securities. Idaho also provides some credits that are not included in the federal tax code. For a complete delineation of Idaho's income tax structure, please refer to the Tax Structure section of this publication.

Idaho income derived from wages and salaries is subject to payroll withholding. Idaho does not require estimated payments for individual income tax, so tax payments derived from business income and most investment income are paid when the tax return is due (typically April 15 following the end of the tax year; notable exceptions to that date have occurred in 2020 and 2021, when the dates were June 15 and May 15).

Most net revenue from income tax is distributed to the General Fund. A notable exception is withholding collections on Idaho lottery winnings: those collections are distributed to public schools and counties. An amount equal to 20% of the individual income taxes collected by the Idaho State Tax Commission is required to be deposited in the State Refund Fund. Any balance exceeding \$5 million in this fund at the end of the fiscal year is transferred to the General Fund on June 30. That last amount was set in 63–3067 as part of [HB1](#) from the 2022 special legislative session.

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

SALES TAX

Idaho's 6% sales tax applies to the sale, rental, or lease of tangible personal property and some services. Sales tax receipts are distributed in the following manner. Revenue sharing receives 11.5% of the gross sales tax collections less refunds and both multi-state compact revenues and online sales tax collections headed for the Tax Relief Fund (TRF). The Transportation Expansion and Congestion Mitigation (TECM) Fund is allocated 3.5% of the amount remaining after the revenue sharing distribution, and simultaneously 1% goes towards the local distribution formula for highways. Beginning in fiscal year 2024 4.5% of the money remaining after the TECM distribution was split between the homeowner property tax relief fund and school facilities funds. In fiscal year 2025 and beyond the amount due to the school facilities fund increased

to 3.25%. Beginning in fiscal year 2024 the state directs \$410 m to fund public education and in-demand careers. In the 2025 legislative session, \$330 m of that \$410 m was redirected back into the General Fund, though there is intent that the same funds be used for public education. The Permanent Building Fund receives \$5,000,000. The Water Pollution Control Fund gets \$4,800,000. Another \$8,487,103 funds the Agricultural Equipment Property Tax Exemption and approximately \$20 m is currently dedicated to Personal Property Tax Relief. Other distributions are made to fund the Demonstration Pilot Project and Election Consolidation. All remaining revenue heads to the General Fund.

With this publication, DFM is recognizing that four transfers (at the closes of IDFY 2021, ..., IDFY 2025) from the TRF to the General Fund have occurred, with an overall cap set at \$236 m per fiscal year on such transfers. The available funds for such transfer are specified in [57-811](#) where \$39 m is dedicated to public defense, \$50 m each to homeowner property tax relief and the school district facilities fund (SDFF), and 20% of the TRF additionally goes to the SDFF.

CORPORATE INCOME TAX

Idaho requires corporations to file quarterly payments of estimated taxes. Since its enactment in 1931, all net revenues associated with the corporate income tax have been distributed to the General Fund. An amount equal to 20% of the corporate income taxes is deposited in the State Refund Fund. An additional filing tax of \$10 per tax return has been assessed since 1959. That value is now \$20.

The delineation between corporate and individual income tax is not a bold demarcation. Many small businesses are nearly synonymous with an individual; the owner may be the sole worker at the business in the most concentrated example. This demarcation has been even less distinct since the 2017 Tax Cuts and Jobs Act by the federal government, and the subsequent adoption of the state and local tax (SALT) workaround by Idaho in [HB 317](#) of the 2021 legislative session. An adjustment to the federal cap on deductibility of SALT without the workaround was raised from \$10 k to \$40 k in the 2025 federal legislation entitled One Big Beautiful Bill.

CIGARETTE TAX

Idaho's cigarette tax rate is 57 cents per pack of 20 cigarettes. Each year the net amount collected is distributed as follows. The Public School Income Fund and Department of Juvenile Corrections each receive \$3,315,000. The Permanent Building Fund receives \$5,000,000. The Central Tumor Registry Fund receives \$360,000. The Cancer Control Fund receives \$300,000. All remaining revenues are distributed as follows. The first \$4,700,000 is deposited in the Grant Anticipation Revenue Vehicle (GARVEE) Debt Service Fund. The next \$5,000,000 is dedicated to the Secondary Aquifer Planning, Management, and Implementation Fund. All remaining revenue is deposited into the Transportation Expansion and Congestion Mitigation Fund.

Historically, the General Fund received an amount needed to fund the School Bond Levy Equalization Program, but the general fund portion of cigarette taxes was often overridden by session laws.¹ Currently no cigarette tax money is directed to the general fund.

TOBACCO TAX

Idaho levies a 35% tax on the wholesale price of tobacco products, except cigarettes provided the tax does not exceed \$0.50 per cigar. This amount, net of refunds, is remitted to the General Fund. An additional 5% of the wholesale price is also collected. Half of this additional amount is earmarked for the Public School Income Fund, with \$200,000 appropriated to Idaho State Police and \$80,000 to the Commission on Hispanic Affairs. The other half of the 5% collected is distributed to the Department of Juvenile Corrections for county juvenile probation services.

BEER TAX

A tax of \$4.65 on each 31-gallon barrel of beer is levied if the beer is < 5% ABV (alcohol by volume). Otherwise the rate is \$13.95 per 31-gallon barrel. For the < 5% ABV beer, the amount collected after refunds is distributed: 20% to the Substance Abuse Treatment Fund (SATF), 33% to the Permanent Building Fund (PBF), and the remainder to the general fund. For the \geq 5% ABV beer, the distribution phases in, with the stable distribution beginning in Idaho fiscal year 2024, when: 12% goes to the SATF, 5% goes to the Idaho hop grower's commission fund, and the remainder goes to the general fund.

WINE TAX

A tax of \$0.45 per gallon is levied on wine.² The amount collected after refunds is distributed in a stable manner beginning in Idaho fiscal year 2024; prior to that was a phase-in period. The distribution is: 12% goes to the SATF, 5% of out-of-state wine goes to the Idaho grape growers and wine producers' account while 88% of Idaho wine goes to the Idaho grape growers and wine producers' account, the remainder goes to the general fund.

KILOWATT-HOUR TAX

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

¹ For an example, [volume 2](#) can be searched. Press ctrl+f and search for 63-2520(b)(4).

² $\$0.45 \times 31 \text{ gallons} = \13.95 , in case you compare this with the beer tax on 31-gallon barrels of beer.

MINE LICENSE TAX

Revenue is derived from a 1% “profit” tax on Idaho mining operations. It was initially set at 3% in 1935. It was lowered to 2% in 1972 and lowered again to 1% in 2002. For mining operations without a cyanidation facility, 66% of the net tax collected accrues to the General Fund and the remaining 34% goes to the Abandoned Mine Reclamation Fund. The distribution for the mine license tax collected from mining operations with cyanidation facilities is slightly different. Thirty-three percent of the net tax collected from operations with a cyanidation facility is distributed to the General Fund, 33% goes to the Cyanidation Facility Closure Fund, and the remaining 34% goes to the Abandoned Mine Reclamation Fund. In 2025, the General Fund portion from cyanidation facilities was reduced to 50% and the remainder goes to the reclamation fund.

LIQUOR FUND

The Idaho Liquor Dispensary distributes income from its operations to several state funds. Two percent of net income is dedicated to the Drug Court, Mental Health Court, and Family Court Services Fund. Half of the amount remaining is distributed to cities and counties. The other half is distributed as follows: the Substance Abuse Treatment Fund receives \$2.08 million; the Community College Fund receives \$0.8 million; the Public School Income Fund receives \$1.2 million; the Cooperative Welfare Fund receives \$0.65 million; the Drug Court, Mental Health Court and Family Court Services Fund receives \$0.68 million; the Drug and Mental Health Court Supervision Fund receives \$0.44 million; and the General Fund receives the remainder.

The forecast is prepared by the Idaho State Liquor Division.

INTEREST EARNINGS

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

COURT FEES AND FINES

Revenues are derived from court fees and from 8.6% of all fines and forfeitures collected pursuant to the judgment of any court of the state. In the case of Fish and Game law violations, 2.5% goes to the General Fund. In addition to the previous two items, 80% of the court surcharge fees are distributed to the General Fund.

INSURANCE PREMIUM TAX

Idaho assesses a 1.5% tax on insurance premiums for policies written in Idaho. Premium taxes are collected on a quarterly prepayment basis based upon a percentage of the previous year’s business and current year’s tax rate. Prepayment percentages are 60% in June, 20% in September, and 15% in December. The balance is paid in March. Up to 20% of the tax collections may be directed to the Insurance Refund Fund. However, the amount in the Insurance

Refund Fund that exceeds \$40,000 at the end of the fiscal year is transferred to the General Fund. In addition to the refund fund, distributions are made to the Fireman's Retirement and Insolvency Administration funds. Twenty-five percent of the net tax collected in excess of \$45 million is paid to the Idaho High Risk Individual Reinsurance Pool and the remainder is deposited into the General Fund.

The insurance premium tax estimate is prepared by the Department of Insurance.

UNCLAIMED PROPERTY

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

UCC FILINGS

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

The forecast is provided by the Secretary of State.

OTHER DEPARTMENTS AND TRANSFERS

The miscellaneous revenue category includes receipts from other sources, such as the Idaho Historical Society.

In prior editions of this publication, the large transfers from the Tax Relief Fund to the General Fund were recorded as miscellaneous other revenue. In this edition, the recording of those monies has been moved into the sales tax contribution to the General Fund. See page 8 for further discussion.

Tax Structure

Introduction. This is a guide to the structure of Idaho’s primary General Fund revenue sources. It provides an examination of the various departures from the broadly defined base of the income and sales taxes. These two taxes typically supply over 90 percent of the revenue that goes to the General Fund.

We define these departures from the tax base as tax preferences – noting that they derive from the Idaho legislature. The most common forms they take in the codification of taxes are exemptions, credits, exclusions, and deductions. The result is always the same: a tax that is defined based on a broad economic concept (income, consumption, wealth, etc.) is not applied uniformly against the broad base of the tax.

Herein, a tax preference is any provision of Idaho law that excludes some portion of the tax base on a selective basis. Two illustrative examples are the sales tax exemption for prescription drugs and the income tax exclusion for interest earned on certain government-issued securities. In the first case a specific type of good (prescription drugs) is excused from the sales and use tax. In the second case a specific source of income (interest from government issued securities) is excused from the income tax. This report ignores tax expenditures that originate in federal tax law. It does, however, look at Idaho departures from the federal tax structure and treats them as Idaho-specific tax expenditures.

To serve the goals of the legislature and other stakeholders this report now only lists estimates of tax preferences for the most significant or most reliably estimated items.³ These tax preferences can be thought of as foregone revenue the state could be collecting if the expenditure is repealed or thought of as tax relief currently provided to Idaho consumers and businesses.

The estimates listed in the table in this section could be treated as upper bounds since they are computed by taking tax rates and applying them to existing sales and income figures. An effective increase in tax rates on economic activity would generally cause less of that activity and result in less taxable revenue – hence the belief that these are upper bounds. Tax preference estimates are also likely to be upper bounds because they presume complete compliance and collection of new tax revenues.

For a concrete example, if the legislature repeals the Idaho small lottery winnings exclusion pursuant to Idaho Code 69–7439 our estimates do not account for Idahoans buying fewer lottery tickets. How many fewer lottery tickets would be purchased is not estimated because it would require assumptions about consumer preferences for goods that are beyond the scope of this report.

In previous versions of this publication, an effort was made to provide an estimate of as many tax preferences as possible even when there was little underlying data supporting the estimates. This has led to an unrealistic picture about what data exist for the purposes of estimating tax preferences. In addition to using higher quality and verifiable data this report also includes improved forecasts with an emphasis on using as much Idaho, rather than national, information as possible. These changes are in part a response to an April 2021 report by the Office of

³This generally includes preferences estimated to be worth more than a million dollars.

Performance of Evaluation. In addition to adopting the language of the report regarding tax preferences we also reviewed all of the items flagged by the report as significant underestimates and most of the preferences we now omit estimates for were found to be out of date or lack sufficient data for estimation.

While this report will no longer include estimates of tax preferences with insufficient, it will continue to list descriptions of tax preferences in the history section to provide a catalog of past tax preferences. Our department will also perform regular reviews to take advantage of new data that may become available.

Lastly, it is important to stress that the estimates reported are estimates. Even historical values listed in the General Fund Revenue Book should not be taken as actual values when it comes to tax preferences. Some estimates are based upon periodically available values, such as every five years, and the intervening “history” are interpolated historical values. In contrast, income tax credits, deductions, and exclusions are updated with actual historic data provided by the Idaho Tax Commission.

We have removed five previously reported on items including the Reimbursement and Incentive Tax Credit, Indigenous Earnings on Reservations Exclusion, First-time Homebuyer Deduction, Idaho Lottery Winnings Exclusion, and the sales tax exemption on interstate trucks. The items were removed once they were re-estimated and found to be below the \$1m threshold or found to have insufficient supporting data.

The remaining three sections of this report include estimates of the most significant and reliably estimated tax preferences along with a catalog of previously reported tax preferences. The first section includes estimates of income tax preferences. The second section includes estimates of sales tax preferences. The last section includes a catalog of all tax preferences, including repealed ones and ones for which we no longer report an estimate.

Individual Income and Business 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 associated with the economic concept of profit.

This tax has been reduced four times in the last four years with the most recent rates for 2024 being a flat 5.695% on corporate income and individual income beyond a certain threshold.

A special note concerning tax expenditure definitions is relevant in the case of the income tax. Since Idaho income tax is federal taxable income, there are some federal tax expenditures that are adopted in Idaho almost 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. 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 credits are:

- Grocery Credit
- Elderly Dependent Credit
- Other States Tax Credit
- Schools, Libraries, and Museums Credit
- Investment Tax Credit
- Youth and Rehabilitation Credit
- Research Activity Credit
- Broadband Investment Credit
- Child Income Tax Credit
- Reimbursement Incentive Credit
- Parental Choice Credit

The principal Idaho income tax deductions and exclusions are:

- Social Security Exclusion
- Retirement Benefit Exclusion
- Energy Efficiency Upgrades Deduction
- Alternative Energy Device Deduction
- Child Care Deduction
- Capital Gains Exclusion
- Medical Savings Account Deduction
- Government Interest Exclusion
- College Savings Deduction
- Health Insurance Deduction
- Long-Term Care Insurance Deduction
- Indigenous Earnings on Reservation Exclusion
- First-time Homebuyer Deduction
- Idaho Lottery Winnings Exclusion

The tables (page 15 to ??) present estimates some of the largest tax preferences. The table groups these preferences by category and provides sub-totals. All sub-category totals increase with time, which mirrors our expectations of continued growth in the state. These values include our updated estimates for prior years.

Readers of the *GFRB* publication across time may notice that the number of such tax preference estimates provided within the publication has been dwindling. Much of this has to do with data availability. Generally, very little data is available on these topics. Partly that is by design — if it is not a taxed item or service, then no reporting to the tax commission or IRS is done on the item or service. Partly this is a reflection of the broad subject matters, many of which are only estimated once every five years by the US Census Bureau or the Department of Agriculture. For example, the US economic census last occurred in 2022. Finally, the broad subject matters measured in these (twice in a) decade national estimates are often not in alignment with the particular Idaho statute. Thus non-obvious judgements would need to be made to scale these to Idaho. When only 3 to 4 national estimates are available, and the task is estimating non-measured Idaho quantities at yearly frequency, more than difficulty is encountered.

The prior method for accomplishing this was linear-interpolation between the 5-year scaled Idaho estimates, then forecasting off of the last scaled Idaho estimate using an broad index forecast from Moodys. We have considered the likelihood that these two annualization methods are incompatible, and found that to be so. For example, if a national 2017 value was estimated in the prior US economic census, and then an Idaho value was obtained (by those aforementioned non-obvious judgements), using the Moody's index method to produce as 2022 estimate was often off by a factor of 2–3 times (or $1/2$ – $1/3$ if in the opposite direction) the value of the analogous 2022 Idaho estimate (using the very same aforementioned non-obvious judgements) from the 2022 US economic census.

Idaho Tax Preferences (Thousands)

Code	Income Tax Credits	2022	2023	2024	2025	2026	2027	2028
63-3024A	Grocery Credit	\$157,540	191,168	194,126	198,042	201,681	205,448	209,419
63-3025D	Elderly Dependent Credit	\$919	951	987	1,031	1,072	1,113	1,155
63-3029	Other States Tax Credit	\$177,533	136,975	146,430	154,620	161,278	168,766	177,193
63-3029A	Schools, Libraries, and Museums Credit	\$ 8,927	8,813	8,887	8,999	9,089	9,184	9,285
63-3029B	Investment Tax Credit	\$22,490	22,226	22,514	23,065	24,093	25,135	26,104
63-3029C	Youth and Rehabilitation Credit	\$ 9,304	9,125	9,202	9,318	9,411	9,509	9,614
63-3029G	Research Activity Credit	\$1,916	1,686	1,681	1,689	1,732	1,774	1,807
63-3029I	Broadband Investment Credit	\$291	42	41	41	43	44	45
63-3029L	Child Income Tax Credit	\$ 65,539	63,427	63,962	64,768	65,412	66,097	66,827
63-3029N	School Choice Tax Credit					50,000	50,000	50,000
	Total	\$444,459	434,413	447,830	461,573	523,811	537,070	551,449

Code	Income Tax Deductions and Exclusions	2022	2023	2024	2025	2026	2027	2028
63-3022(l)	Social Security Exclusion	\$ 135,109	172,167	175,426	183,237	190,613	197,873	205,235
63-3022(n)	College Savings Deduction	\$ 3,760	3,748	3,711	3,757	3,795	3,835	3,877
63-3022A	Retirement Benefit Exclusion	\$ 11,677	23,624	24,071	25,143	26,155	27,151	28,161
63-3022B	Energy Efficiency Upgrades Deduction	\$ 3,850	4,869	4,855	4,953	5,044	5,138	5,237
63-3022C	Alternative Energy Device Deduction	\$ 2,427	2,752	2,744	2,799	2,851	2,904	2,960
63-3022D	Child Care Deduction	\$ 4,384	7,286	7,181	7,136	7,082	7,035	6,993
63-3022H	Capital Gains Exclusion	\$ 74,400	51,112	55,245	58,362	62,720	66,162	70,420
63-3022K	Medical Savings Account Deduction	\$ 1,477	1,627	1,695	1,795	1,849	1,890	1,944
63-3022M	Government Interest Exclusion	\$ 2,795	12,568	13,320	13,844	13,899	14,439	14,789
63-3022P	Health Insurance Deduction	\$ 31,985	89,546	94,903	98,635	99,025	102,877	105,373
63-3022Q	Long-Term Care Insurance Deduction	\$ 1,749	2,396	2,441	2,550	2,652	2,753	2,856
	Total	\$ 273,614	371,694	385,591	402,211	415,684	432,055	447,847

Code	Sales Tax Relating to Specific Uses & Entities	2022	2023	2024	2025	2026	2027	2028
63-3613(b)2	Trade-in Allowance	\$12,860	12,660	13,163	14,546	14,327	15,791	17,536
63-3613(b)8	Auto Manufacturer Rebates	\$24,773	24,388	25,357	28,021	27,598	30,420	33,782
63-3622D	Production Exemption - Equipment & Supplies	\$ 464,995	478,387	505,489	518,147	529,362	550,045	575,058
63-3622D, 63-3622W	Agricultural & Irrigation Equipment Exemption	\$ 444,315	462,923	497,302	484,494	492,348	506,612	531,639
63-3622J	School Lunches and Senior Citizen Meals	\$8,717	4,830	4,573	4,797	5,011	5,281	5,538
63-3622O(1)(a), 33-5204	Educational Institution Purchases	\$16,841	19,059	19,756	20,005	20,204	20,416	20,641
63-3622O(1)(a)	Hospital Purchases	\$150,417	175,854	192,936	204,331	210,512	215,178	221,354
63-3622O(1)(f)	Vehicles and Vessels Sold to Non-residents	\$44,696	45,379	45,180	46,729	48,891	50,633	51,623
63-3622R(c)	Interstate Trucks	\$10,097	10,351	10,409	10,654	11,040	11,381	11,567
63-3622X	Pollution Control Equipment	\$30,658	32,729	33,152	33,964	35,477	37,012	38,438
63-3622CC, 63-3622DD	Railroad Rolling Stock and Remanufacturing	\$3,829	4,237	4,621	5,592	5,640	5,708	5,846
63-3622EE, 63-3622FF	SNAP/WIC	\$14,132	16,654	18,252	19,148	20,000	21,078	22,105
63-3622GG	Commercial Aircraft	\$7,603	9,032	9,203	10,080	10,342	10,703	11,140
63-3622RR	Research and Development Equipment	\$27,258	27,401	28,033	28,422	29,402	30,534	31,610
63-3641	State Tax Anticipation Revenue	\$11,467	11,490	5,419	6,212	6,427	6,674	6,909
	Total	\$1,272,658	1,335,373	1,412,845	1,435,142	1,466,580	1,517,466	1,584,786

Code	Sales Tax For Goods and Services	2022	2023	2024	2025	2026	2027	2028
63-3609	Construction Services	\$ 304,196	338,569	349,530	364,520	387,781	407,416	426,188
63-3613(b)4	Repair Services	\$ 68,728	69,779	69,472	71,854	75,178	77,858	79,380
63-3613(b)7	Transportation Services	\$ 57,625	59,905	62,688	64,826	66,803	69,622	73,085
63-3613(c)	New Manufactured Homes or Modular Buildings	\$ 3,324	1,794	2,167	2,264	2,352	2,410	2,517
63-3613(f)	Gratuities	\$ 9,260	9,651	9,797	9,858	10,298	10,715	11,147
63-3616(b)	Remotely-Accessed Computer Software Remotely Accessed Software	\$ 254,248	261,056	265,095	270,443	275,412	280,556	285,979
63-3622C	Motor Fuels	\$ 305,471	252,803	282,772	282,800	287,393	298,274	309,161
63-3622F	Prescriptions and Durable Medical Equipment	\$ 97,110	100,755	105,125	110,086	115,211	120,253	125,432
63-3622R(b)	Used Manufactured Homes	\$ 2,789	3,244	3,103	3,242	3,368	3,451	3,604
63-3622S	Broadcasting Equipment	\$ 6,021	6,281	6,253	6,366	6,787	7,122	7,404
67-7439	Lottery Tickets	\$ 22,579	25,350	25,305	25,815	26,290	26,781	27,298
Not taxed	Agricultural Services	\$ 6,117	6,374	6,915	6,668	6,710	6,873	7,190
Not taxed	Industrial and Mining Services	\$ 71,516	73,576	77,744	79,691	81,416	84,597	88,444
Not taxed	Trade and Retail Services	\$ 369,693	418,316	473,520	472,297	482,814	497,771	516,495
Not taxed	Information Services	\$ 65,463	72,397	78,287	84,332	87,823	90,972	94,774
Not taxed	Financial and Real Estate Services	\$ 84,891	88,450	91,598	96,514	100,835	105,165	109,731
Not taxed	Professional, Management, Administrative Services	\$ 810,855	867,555	917,077	964,235	1,012,735	1,065,652	1,123,185
Not taxed	Education Services	\$ 21,163	21,479	21,876	21,799	21,974	22,137	22,369
Not taxed	Health Care Services	\$ 955,222	1,017,134	1,079,024	1,142,753	1,177,325	1,203,419	1,237,959
Not taxed	All Other Services	\$ 60,525	58,196	58,444	58,135	58,578	59,138	60,234
	Total	\$ 3,607,275	3,784,603	4,017,266	4,170,393	4,319,344	4,472,659	4,644,310
	Grand Total (Thousands)	\$ 5,598,007	5,926,083	6,263,532	6,469,319	6,725,419	6,959,250	7,228,392

Tax Structure Detail

Specific Idaho tax expenditures are detailed in the sections below. Each section contains the relevant Idaho Code reference, a brief description of the expenditure, and some 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 partly, exempt from taxation. Deductions are uses of income (either actual spending or proxies for actual spending) that are wholly, or partly, exempt from taxation. Credits are reductions from the tax that are expressed either as a percentage of some qualifying amount or as a lump sum. Some credits are refundable, meaning that they can exceed the taxpayer's tax liability and lead to a refund. Other credits are nonrefundable: they are only usable if there is a tax liability to offset.

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

Income Tax Credits.

Corporate Headquarters Investment Credit:

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 63–3029B). This credit is in lieu of the investment tax credit, is limited to no more than \$5 million in any one tax year and is not subject to the 50% limit specified in 63–3029B. This credit can be generated for eligible equipment purchases which occurred through December 31, 2009. Unused credits can be carried forward for up to 14 years. General qualification criteria are specified in 63–2902, and can be summed up as making an investment of at least \$50 million in new corporate headquarters facilities and adding at least 500 new jobs that either a) each pay over \$50,000 per year, or b) that average \$65,000 per year.

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

Corporate Headquarters Real Property Investment Credit:

63–2904

DESCRIPTION: This credit is contingent on a taxpayer qualifying under the “Idaho Corporate Headquarters Incentive Act of 2005”. It provides an income tax credit of 10% of the purchase price of new plant (buildings and structural components of buildings) within the project site as specified in 63–2902. This credit is limited to no more than \$500,000 in any one tax year and is not subject to the 50% limit specified in 63–3029B. This credit can be generated for plant purchases which occurred through December 31, 2009.

Unused credits can be carried forward for up to 14 years. General qualification criteria are specified in 63–2902, and can be summed up as making an investment of at least \$50 million in new corporate headquarters facilities and adding at least 500 new jobs that either a) each pay over \$50,000 per year, or b) that average \$65,000 per year.

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

Corporate Headquarters New Jobs Credit:

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.

Grocery Credit:

63–3024A

DESCRIPTION: Idaho grants a \$155 grocery tax credit for each taxpayer and their dependents. The grocery tax credit is prorated for SNAP participants, incarcerated persons, and part-year residents.

HISTORY: The grocery credit was originally enacted in 1965 at a level of \$10. It was amended in 1972 to make the credit refundable to residents at least 65 years of age. It was amended in 1973 to increase the amount of the credit to \$15. It was amended in 1975 to make the credit refundable to all resident taxpayers who meet the filing requirement and to increase the credit amount to \$20 for taxpayers at least 65 years of age. In 1978 the credit for resident seniors (at least 65 years of age) was increased to \$30. In 2001 the credit was increased to \$35 for resident seniors and to \$20 for residents under 65 years of age. In 2008, Idaho households with no more than \$1,000 of taxable income received a \$50 grocery tax credit for each taxpayer and each dependent. After that year, the credit increased by \$10 per year until it reached \$100. The grocery tax credit for households with more than \$1,000 of taxable income started at \$30 in 2008 and increased by \$10 annually until it reached \$100. The credit is set to be increased to \$120 starting in 2023. It increased to \$155 in 2025.

Riparian Land Improvements Credit:

63–3024B

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

HISTORY: Effective January 1, 1998. Sunset December 31, 2002.

Elderly Dependent Credit:

63–3025D

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

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

Other States Tax Credit:

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.

Schools, Libraries, and Museums Credit:

63-3029A

DESCRIPTION: A credit is allowed for qualifying charitable monetary contributions to Idaho public and private nonprofit schools (elementary, secondary, and higher education), their foundations, trusts, or associations; to Idaho Public Libraries and Library Districts, or their foundations; to Idaho Education Public Broadcast foundations; to the Idaho State Historical Society or its foundation; to the Idaho commission for libraries; to nonprofit public or private museums located within Idaho; to the Idaho Commission on Hispanic Affairs; to the Idaho Commission for the Blind and Visually Impaired; to the Idaho Council on Developmental Disabilities; to the Idaho State Independent Living Council; to the Idaho Council for the Deaf and Hard of Hearing; to the Idaho STEM action center; or to Idaho-based, accredited medical education residency programs or their nonprofit support organizations. The credit is 50% of the qualified contribution. In the case of individuals, it is limited to 50% of the taxpayer's income tax liability or \$500 (\$1,000 on a jointly filed return), whichever is less. In the case of corporations, the credit is limited to 10% of the income tax liability or \$5,000, whichever is less. Credits for donations to certain educational foundations, trusts, or associations are not allowed after December 31, 2019.

HISTORY: Originally enacted in 1976, this credit applied only to private nonprofit secondary or higher education institutions. Elementary schools were added in 1977. Public institutions of higher education were added in 1978. All public schools and public libraries were added in 1984. The Idaho Public Broadcast System was added in 1986. Foundations of the qualifying institutions were added in 1987. The Idaho Historical Society was added in 1992. Nonprofit museums were added in 1994. The Idaho State Library (now Idaho Commission for Libraries) was added in 1998. University-related research parks were added in 1999. Amended in 2016 to include donations to the Idaho STEM action center. Medical residency contributions were added in 2018.

Investment Tax Credit:

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.

Youth and Rehabilitation Credit:

63–3029C

DESCRIPTION: This is a credit provided to taxpayers who make charitable contributions to the Anchor House; North Idaho Children's Home; Idaho Youth Ranch; Children's Home Society of Idaho, Inc.; Kinderhaven; Women's and Children's Alliance; Children's Village; Gem Youth Services; Hope House; nonprofit centers for independent living located within Idaho; Idaho Drug Free Youth, Inc.; Shepherd's Home, Inc.; Project Safe Place; Learning Lab, Inc.; Project P.A.T.C.H. (Planned Assistance for Troubled Children); or to nonprofit rehabilitation facilities located in Idaho and accredited by the Commission

on Accreditation of Rehabilitation Facilities or their foundations. The credit is calculated as 50% of the contribution. For individual taxpayers, the credit is limited to the lesser of \$100 or 20% of the taxpayer's income tax liability. For corporations, the credit is limited to the lesser of \$500 or 10% of the taxpayer's income tax liability. There is no carryover provision.

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

Recycling Equipment Credit: **63-3029D**

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

HISTORY: This credit was enacted in 1994.

Right Income Adjustment Credit: **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.

Research Activity Credit: **63-3029G**

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

HISTORY: Enacted in 2001.

Broadband Investment Credit: **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 63-3029B), for a total credit of 6% on broadband investments. The 3% credit is limited to no more than \$750,000 per taxpayer per year and no more than the taxpayer's liability after all other credits in a single tax year. It can be carried forward for up to 14 years. This credit is transferable to other taxpayers.

HISTORY: Effective January 1, 2001.

County Incentive Investment Tax Credit: **63-3029J**

DESCRIPTION: This is a variable rate credit for expenditures that qualify for Idaho's investment tax credit (see 63-3029B). Its rate is the greater of one-half of the amount by which the average three-year unemployment rate in the county in which the property is located exceeds 6%, or one-tenth of one percentage point for each full percentage point the three-year average per-capita income level in the county in which the property is

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

This credit may be transferred to other taxpayers.

HISTORY: Enacted in 2001. Repealed in 2018.

Live Organ Donation Expenses Credit:

63–3029K

DESCRIPTION: This credit is for a donor's expenses associated with a live organ donation.

Only the portion of direct expenses that are not reimbursed is eligible. The total credit is limited to the lower of the actual expenses or \$5,000. This credit can be carried forward up to five years.

HISTORY: Effective January 1, 2007.

Child Income Tax Credit:

63–3029L

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

HISTORY: Effective from January 1, 2018 to January 1, 2026.

Employer College Credit:

63–3029M

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

HISTORY: Enacted in 2020.

Parental Choice Tax Credit:

63–3029N

DESCRIPTION: The state provides a \$5,000 credit per child for parents who enroll their children in non-public schools and have qualified expenses. The credit is increased to \$7,500 per child for those children with qualified disabilities

HISTORY: Enacted in 2025.

Special Job Credit:

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.

Promoter Sponsored Events Credit:

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.

Small Employer Capital Investment Credit: 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 63–3029B). This credit is in lieu of the investment tax credit, is limited to no more than \$750,000 in any one tax year, and is subject to a 62.5% limit instead of the 50% limit specified in 63–3029B. This credit can be generated for eligible equipment purchases occurring from January 1, 2006 through December 31, 2030. Unused credits can be carried forward for up to 14 years. General qualification criteria are specified in 63–4402 and can be summed up as making an investment of at least \$500,000 in new facilities and adding at least ten new jobs paying at least \$19.23 per hour. The average wage for each additional job above the initial ten must be at least \$15.50 per hour, not including employees earning more than \$48.08 per hour.

HISTORY: Enacted in 2005. Amended in 2006. Average wage calculation amended in 2008. Amended in 2020 to extend this credit through 2030.

Small Employer Real Property Improvement Credit: 63–4404

DESCRIPTION: This credit is contingent on a taxpayer qualifying under the “Idaho Small Employer Incentive Act of 2005”. It provides an income tax credit of 2.5% of the purchase price of new plant (buildings and structural components of buildings) within the project site as specified in 63–2902. This credit is limited to no more than \$125,000 in any one tax year. This credit can be generated for plant purchases occurring from January 1, 2006 through December 31, 2030. Unused credits can be carried forward for up to 14 years. General qualification criteria are specified in 63–4402 and can be summed up as making an investment of at least \$500,000 in new facilities and adding at least ten new jobs paying at least \$19.23 per hour. The average wage for each additional job above the initial ten must be at least \$15.50 per hour, not including employees earning more than \$48.08 per hour.

HISTORY: Enacted in 2005. Amended in 2006. Average wage calculation amended in 2008. Amended in 2009 to extend this credit through 2020. Amended in 2020 to extend this credit through 2030.

Small Employer New Jobs Credit: 63–4405

DESCRIPTION: This credit is contingent on a taxpayer qualifying under the “Idaho Small Employer Incentive Act of 2005”. It provides an income tax credit ranging from \$1,500

to \$3,000 for each eligible new job created from January 1, 2006 through December 31, 2030. This credit is limited to 62.5% of the taxpayer's tax liability in any given year. Unused credits can be carried forward for up to ten years. General qualification criteria are specified in 63-4402 and can be summed up as making an investment of at least \$500,000 in new facilities and adding at least ten new jobs paying at least \$19.23 per hour. The average wage for each additional job above the initial ten must be at least \$15.50 per hour, not including employees earning more than \$48.08 per hour.

HISTORY: Enacted in 2005. Amended in 2006. Average wage calculation amended in 2008. Amended in 2009 to extend this credit through 2020. Amended in 2020 to extend this credit through 2030.

Reimbursement Incentive Credit:

67-4737

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

HISTORY: Effective July 1, 2014.

Income Tax Deductions and Exclusions.

Social Security Exclusion:

63-3022(1)

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

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

Railroad Retirement Exclusion:

63-3022(1)

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

HISTORY: Enacted in 1984.

Workers' Compensation Premium Deduction:

63-3022(m)

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

HISTORY: Enacted in 1990.

Capital Gains/Losses on Bullion Deduction:

63-3022(v)

DESCRIPTION: Gains or losses on the sale of precious metal bullion and or monetized bullion (coinage) are excluded from Idaho taxable income.

HISTORY: Enacted in 2025.

College Savings Deduction: **63–3022(n)**

DESCRIPTION: A deduction is allowed for amounts contributed to a college savings program defined in Chapter 54, Title 33, . The amount of the deduction is limited to a maximum of \$6,000 per tax year or \$12,000 per tax year for married couples filing a joint return.

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

Retirement Benefit Exclusion: **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. Expanded in 2025 to include the benefits for retired military and their widows/widowers provided that the individual has either attained the age of 62 or was employed in the year or was disabled.

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

Energy Efficiency Upgrades Deduction: **63–3022B**

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

HISTORY: Enacted in 1976 for buildings existing as of January 1, 1976. Amended in 2012 to include residences existing as of January 1, 2002. Amended in 2013 to include only primary residences.

Alternative Energy Device Deduction: **63–3022C**

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

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

Child Care Deduction:

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.

Elderly and Developmental Disability Deduction:

63–3022E

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

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

World War II Reparations Exclusion

63–3022G

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

HISTORY: Enacted in 1989.

Capital Gains Exclusion:

63–3022H

DESCRIPTION: This exclusion is allowed for 60% of the gain from the sale of certain property. To qualify for this exclusion the property must have had an Idaho situs at the time of sale and is limited to real property held for at least 12 months. These properties include: tangible personal property that was used in a revenue-producing enterprise and held for 12 months or longer; certain cattle or horses held for 24 months or longer; other breeding livestock held 12 months or longer; or timber held for over 24 months or longer. Certain partnership interest held at least 12 months.

HISTORY: Enacted in 1987. Amended in 1995 to add various restrictions, including a requirement that qualifying timber must be grown in Idaho and livestock gain claimants must derive at least half of their gross income from farming or ranching operations in Idaho. Amended in 1998 to reduce the holding period for real estate from five years to 18 months. Amended in 2005 to reduce the holding period for real estate from 18 months to 12 months. Amended in 2008 to clarify pass-through entity holding periods. Amended in 2015 to allow exclusion to owners for income from pass-through entities that derive at least half their gross income from farming or ranching. Amended in 2015 to include qualified conservation easements, certain grazing permits and leases, and any 1250 property as defined in the Internal Revenue Code.

Adoption Expense Deduction: **63–3022I**

DESCRIPTION: This deduction is for up to \$10,000 of actual legal fees and medical costs incurred in an adoption.

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

Technological Equipment Deduction: **63–3022J**

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

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

Medical Savings Account Deduction: **63–3022K**

DESCRIPTION: This is a deduction for contributions to medical savings accounts. It is limited to a maximum of \$10,000 per taxpayer each year. The limit for married couples filing joint returns is \$20,000.

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

Government Interest Exclusion: **63–3022M**

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

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

Marriage Penalty Deduction: **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.

Health Insurance Deduction: **63–3022P**

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

HISTORY: Enacted in 2000 for self-employed persons. Expanded to all persons in 2001.

Long-Term Care Insurance Deduction: **63–3022Q**

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

HISTORY: Enacted in 2001. The original deduction applied to half of premiums. Amended in 2004 to cover all long-term care insurance premiums.

Certain Loss Recoveries Deduction: **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.

Indian Earnings on Reservation Exclusion **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.

Certain Charitable Contributions Deduction: **63–3022U**

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

HISTORY: Effective July 1, 2014.

First-Time Homebuyer Deduction **63–3022V**

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

HISTORY: Enacted in 2020.

Nonresident Guaranteed Partnership Income Exclusion: **63–3026A(3)(a)(i)**

DESCRIPTION: Guaranteed payments to nonresident, retired partners that are sourced to the taxpayers' domiciles are excluded from Idaho taxable income. Up to \$250,000 of the guaranteed payments made to each nonresident partner are sourced as compensation for services. The amount of the guaranteed payment more than \$250,000 is sourced to Idaho

based upon the partnership's apportionment factor. The \$250,000 threshold is adjusted annually for inflation.

HISTORY: Enacted in 2013.

Idaho Lottery Winnings Exclusion:

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.

Sales and Use Tax Detail. The following sales tax expenditures can be divided into two broad categories: sales tax relating to specific uses or entities and sales tax for goods and services. Previously our report separately estimated some services based on data from Economic Censuses and classification following the NAICS system. We now list all services at the two digit NAICS level to provide more detailed estimate of the value of services in the state.

While we generally try to assign one piece of Idaho code to one preference for sales tax preferences there are cases where multiple portions of Idaho code are assigned to the same sales tax exemption. Often this is because the exempt goods are similar.

For example, in prior reports we listed the production exemption described by 63-3622D separately for agriculture, mining, and industry. Now we have grouped the mining and industry components together and combined the agriculture component with the exemption for irrigation equipment described by 63-3622W. The decision was data driven as the agricultural Census formed the basis of our new estimate for agricultural equipment and the Census did not separately provide an estimate for irrigation equipment.

Corporate Headquarters Construction:

63-2908

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

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

Incidental Sales of Tangible Personal Property:

63-3609

DESCRIPTION: Exempts goods sold incidentally when selling real property, such as an appliance included with a home purchase.

HISTORY: Enacted in 1985.

Construction:

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. Taxable revenue is half of Idaho's share of construction revenue NAICS 23 from US Economic Census.

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".

Lodging, Eating, and Drinking Places:

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.

Trade-in Allowance:

63-3613(b)2

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

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

Repairs:

63-3613(b)4

DESCRIPTION: Taxable Revenue is 60% of NAICS codes 811 revenue.

HISTORY: Not subject to sales and use taxes.

Federal Excise Tax Imposed at Retail Level:

63-3613(b)5

DESCRIPTION: Excludes retail level federal excise taxes from the taxable sales price. 85

HISTORY: Originally enacted in 1965.

Transportation Services:

63-3613(b)7

DESCRIPTION: Taxable revenue is 20% of Idaho's share of revenue for NAICS 48-49 from US Economic Census.

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

Auto Manufacturer Rebates:

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.

Sales by Outfitters and Guides: **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.

Telecommunications Equipment: **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.

New Manufactured Homes or Modular Buildings: **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).

Sales Through Vending Machines: **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.

Gratuities for Meals: **63–3613(f)**

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

HISTORY: Enacted in 2011.

Remotely-Accessed Computer Software: **63–3616(b)**

DESCRIPTION: Certain computer software are not tangible personal property by definition and therefore not subject to the Idaho sales tax. They are: custom computer programs; computer software that is delivered electronically; remotely-accessed computer software; and computer software that are delivered by the load-and-leave method. Digital music, digital books, digital videos, and digital games are not tangible personal property subject to the sales tax if purchaser does not have permanent rights to the product.

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

Motor Vehicles of Nonresident Students: **63–3621(k)**

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

HISTORY: Enacted in 2011.

Personal Property of Military Personnel: **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.

Donations of Real Property to Idaho Government: **63–3621(m)**

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

HISTORY: Enacted in 1991.

Beverage and Food Samples: **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.

Beverage and Food Donations: **63–3621(o)**

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

HISTORY: Enacted in 2014.

Prepared Beverage and Food Given to Employees: **63–3621(p)**

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

HISTORY: Enacted in 2015.

Federal Constitutional Prohibitions: **63–3622A**

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

HISTORY: Originally enacted in 1965 as 63–3622(a).

Other Federal and State Statutory Prohibitions: **63–3622A**

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.

Out-of-State Contracts: **63–3622B**

DESCRIPTION: Exempts goods purchased by contractors to install into real property in non-taxing states.

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

Motor Fuels:

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.

Production Exemption – Equipment and Supplies:

63-3622D

DESCRIPTION: This feature of the production exemption exempts equipment and supplies used to produce a taxable product for retail sale. Production activities covered by this exemption are limited to manufacturing, processing, fabricating, logging, farming, mining, and fishing and hunting operations. The equipment must be primarily and directly used in the production activity to qualify. Also, the claiming entity must be primarily engaged in a qualifying activity for its equipment to qualify. Certain specific exclusions from the production exemption exist. They include: equipment that is used in activities other than the actual production activity; equipment used in transportation, including motor vehicles and aircraft that are required to be licensed by any state; equipment used to make repairs; any tangible personal property that is or is intended to become a component of real property; recreational vehicles; and equipment used to produce exempted gas, electricity, water, or literature.

HISTORY: This exemption was originally enacted in 1965 as 63-3622D. In 1987, custom farmers were added to the exemption by amending 63-3603, the definition of farming. In 1989, 63-3605A was added to include contract loggers in the production exemption. In 1990, logging was moved to a separate section and expanded to include persons who are not primarily engaged in logging. It was amended in 1991 in response to the Haener decision (Idaho Supreme Court) by adopting the integrated plant doctrine, exempting equipment used to fabricate or install production equipment, and adding safety equipment. Amended in 2006 to include equipment used to manufacture heating materials. Amended in 2008 to include equipment used to process certain materials to produce energy. Amended in 2015 to remove the exclusion for hand tools with a unit purchase price of \$100 or less and to include in the exemption fishing and hunting operations. Amended in 2016 to extend the end of the production process for farming operations from “initial storage” to removal from initial storage. This amendment exempts equipment and supplies used to remove produce from initial storage. The logging exemption (63-3622JJ) was amended in 2016 to remove the exclusion for hand tools with a unit purchase price of \$100.00 or less.

Containers:

63-3622E

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

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

Utility Sales: **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).

Heating Materials: **63-3622G**

DESCRIPTION: Exempts any material burned to heat buildings or homes.

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

Nonprofit Literature: **63-3622I**

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

HISTORY: Originally enacted in 1965 as 63-3622(j), exempting only religious literature. Amended in 1989 to include literature of all 501(c)(3) nonprofit organizations. Amended in 1999 to include alternative forms, including audio-visual, magnetic, optical, and other machine-readable media.

Sales of Meals by Churches to Members: **63-3622J**

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

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

School Lunches and Senior Citizen Meals: **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.

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

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

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

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

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

HISTORY: Originally enacted as 63-3622(l), it was amended in 1967 to add bulk sales and change in form of doing business by adopting a new definition (Section 63-3612A). Section 63-3612A was repealed and moved to 63-3622K in 1988 and was amended to exclude aircraft, boats, snowmobiles, off-highway motorbikes, and recreational vehicles from the occasional sale exemptions. Amended in 1989 to limit the exclusion to subsections (b)(1), (b)(4), (b)(6) or (b)(8). Amended in 1990 to add related business transfers and capital asset sales. Amended in 1996 to exempt leases between related parties as described in subsection (b)(4). Also provided that subsequent sales of the same assets would be exempt between related parties if the initial purchaser paid the sales tax.

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

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

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

Motor Vehicle Purchases by Family Members: **63-3622K(c)(1)**

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

HISTORY: Section 63-3612A was amended in 1980 to add the sale of motor vehicles to family members. It was repealed and moved to 63-3622K(c)(1) in 1988.

Prescriptions and Durable Medical Equipment: **63-3622N**

DESCRIPTION: Exempts most prescription medical items.

HISTORY: This exemption was originally enacted as 63-3622(o) in 1967 to exempt prescription drugs. It was amended in 1971 to add prescription oxygen and amended in 1976 to add prosthetics, artificial limbs, wheelchairs, hearing aids, and crutches. It was amended in 1990 to add durable medical equipment and numerous other prescription items. Amended in 1998 to exempt dental prostheses and other orthodontic appliances, except fillings. Amended in 2008 to include dental fillings and qualified items prescribed by physician assistants. Amended in 2015 to include eyeglasses and contact lenses in 2016.

Educational Institution Purchases: **63-3622O(1)(a); 33-5204**

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

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

Hospital Purchases: **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.

Health Entity Purchases:

63-3622O(1)(a)

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

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

Canal Company Purchases:

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).

Forest Protective Association Purchases:

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.

Food Bank Purchases:

63-3622O(1)(b,c)

DESCRIPTION: Exempts all purchases by food banks or soup kitchens. Includes the Idaho Food Bank Warehouse, Inc. by specific reference and other nonprofit corporations or associations that furnish food to others without charge.

HISTORY: Enacted in 1991.

Nonsale Clothier Purchases:

63-3622O(1)(d)

DESCRIPTION: Exempts donations or sales of clothes to nonsale clothiers. Nonsale clothiers are defined nonprofit corporations or associations that provide clothes to others without charge.

HISTORY: Enacted in 1992.

Centers for Independent Living:

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.

State of Idaho and Local Government Purchases: **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.

Volunteer Fire Dept and Emergency Medical Service Agencies: **63–3622O(1)(g)**

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

HISTORY: Enacted in 2002.

Senior Citizens Centers: **63–3622O(1)(h)**

DESCRIPTION: Exempts purchases by senior citizen centers.

HISTORY: Enacted in 2002.

Blind Services Foundation, Inc: **63–3622O(1)(i)**

DESCRIPTION: Exempts purchases by Blind Services Foundation, Inc.

HISTORY: Enacted in 2004.

Advocates for Survivors of Domestic Violence and Sexual Assault: **63–3622O(1)(j)**

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

HISTORY: Enacted in 2006.

Free Dental Clinics: **63–3622O(1)(k)**

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

HISTORY: Enacted in 2006.

Museums: **63–3622O(1)(l)**

DESCRIPTION: Exempts purchases by and admissions to nonprofit museums.

HISTORY: Enacted in 2006.

Ronald McDonald House Rooms: **63–3622O(5)**

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

HISTORY: Enacted in 1997.

Common Carrier Purchases and Out-of-State Sales: **63–3622Q; 63–3622P**

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

HISTORY: Originally enacted as 63–3622(p) and 63–3622(o) in 1965.

Vehicles and Vessels Sold to Nonresidents: **63–3622R(a)**

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

HISTORY: Originally enacted as 63–3622(v) in 1965, it exempted motor vehicles and trailers sold in Idaho for use out-of-state. Amended in 2001 to extend the exemption to vessels with attached motor, snowmobiles, ATVs, and utility trailers. Amended in 2002 to provide a definition for vessel and ATV, remove the requirement that the vessel be sold with an attached motor, limit the exemption to sales to nonresidents only, and extend the exemption to sales of off-road motorcycles. Amended in 2015 to exempt utility type vehicles and specialty off-highway vehicles. Amended in 2017 to increase the amount of time the nonresident can use a vehicle or vessel exempted by this subsection in Idaho from 60 days to 90 days.

Used Manufactured Homes: **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.

Interstate Trucks: **63–3622R(c)**

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

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

Glider Kit Vehicles: **63–3622R(d)**

DESCRIPTION: Glider kit vehicles, as defined in 49–123(f), are exempted from the Idaho sales tax.

HISTORY: Enacted in 2006.

Drivers Education Automobiles: **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.

Broadcast Equipment and Supplies: **63–3622S**

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

HISTORY: It was originally enacted in 1975 as 63–3622(w). Amended in 2016 to remove the exclusion for hand tools with a unit purchase price of \$100 or less.

Publishing Equipment and Supplies: **63–3622T**

DESCRIPTION: Provides an exemption for equipment and supplies used to publish advertising type newspapers that are sold or given away to the public, as long as the paper contains

at least 10% editorial comment and advertising revenue is the publisher's primary source of income.

HISTORY: This exemption was originally enacted in 1979 as 63–3622(x). Amended in 2016 to remove the exclusion for hand tools with a unit purchase price of \$100 or less.

Funeral Caskets: **63–3622U**

DESCRIPTION: Exempts goods sold in conjunction with a funeral.

HISTORY: Originally enacted in 1977 as 63–3622(y).

Precious Metal Bullion: **63–3622V**

DESCRIPTION: Exempts sales of precious metal bullion and coins.

HISTORY: Originally enacted in 1982 as 63–3622(z).

Irrigation Equipment and Supplies: **63–3622W**

DESCRIPTION: Exempts agricultural irrigation equipment and supplies, including those attached to real property and regardless if purchased by a contractor for an agricultural irrigation project.

HISTORY: Originally enacted in 1975 as 63–3622(f). Amended in 2016 to remove the exclusion for hand tools with a unit purchase price of \$100 or less.

Pollution Control Equipment: **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 drycleaning 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.

Ski Lifts and Snowgrooming Equipment: **63–3622Y**

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

HISTORY: Enacted in 1995.

Sales by Indian Tribes on Reservations: **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.

Official Documents: **63–3622AA**

DESCRIPTION: Exempts sales of documents when the fee for the document is set by and sale, purchase, or use of public records requested pursuant to 74–102.

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

INL Research and Development Purchases:

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.

Railroad Rolling Stock and Remanufacturing:

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.

SNAP/WIC:

63–3622EE; 63–3622FF

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

HISTORY: Mandated in 1987 by the federal government.

Commercial Aircraft:

63–3622GG

DESCRIPTION: Exempts aircraft purchased for commercial transport of passengers or freight and parts used in nonresident, private aircraft.

HISTORY: Enacted in 1988. Amended in 1994 to add any aircraft that are for use outside Idaho. Amended in 2001 to exempt repair parts for aircraft primarily used to transport passengers or freight for hire. Amended in 2009 to limit the aircraft exemption to those aircraft that are used as allowed by law to provide passenger or freight services for hire to the public from one point on land or water to another. Amended in 2012 to include parts used in nonresident privately owned aircraft at FAA approved Idaho repair stations. This includes parts installed in warranty repairs. Amended in 2016 to exempt from tax the sale, lease, purchase or use of a fixed-wing aircraft primarily used as an air tactical group supervisor platform under contract with a governmental entity for wildfire activity. Amended in 2020 to include aircraft primarily used for agricultural production or forest and wildlife conservation purposes.

Vending Machines and Amusement Devices:

63–3622II

DESCRIPTION: Exempts money-operated machines that vend a taxable product or service.

HISTORY: Enacted in 1990.

Incidental Sales by Churches:

63–3622KK

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

HISTORY: Enacted in 1990.

Media Measurement Services: [63-3622LL](#)

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

HISTORY: Enacted in 1997.

Clean Rooms: [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.

Dealer Labor for New Vehicle Accessories: [63-3622OO](#)

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

HISTORY: Enacted in 2019.

Idaho Commemorative Silver Medallions: [63-3622PP](#)

DESCRIPTION: Exempts sales of Idaho commemorative silver medallions.

HISTORY: Originally enacted in 2003.

Alternative Electricity-Producing Equipment: [63-3622QQ](#)

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

HISTORY: Enacted in 2005. Sunset on June 30, 2011.

Research and Development Equipment: [63-3622RR](#)

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

HISTORY: Enacted in 2005.

Nonprofit Shooting Range Fees: [63-3622SS](#)

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

HISTORY: Enacted in 2006.

Custom Meat Processing: [63-3622TT](#)

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

HISTORY: Enacted in 2020.

Personal Property Tax on Rentals:

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.

Information Technology Equipment:

63–3622VV

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

HISTORY: Enacted in 2020.

Small Sellers:

63–3622XX

DESCRIPTION: Exempts from sales tax collection small sellers, those whose collective sales are under \$5,000 in cumulative gross receipts in either the current or prior calendar year.

HISTORY: Enacted in 2025.

State Tax Anticipation Revenue:

63–3641

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

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

Small Employer Headquarters Construction:

63–4408

DESCRIPTION: This rebate is contingent on a taxpayer qualifying under the “Idaho Small Employer Incentive Act of 2005”. It provides a rebate for 25% of sales and use taxes paid on property constructed, located, or installed in the “project site” (as specified in 63-4402) from January 1, 2006 through December 31, 2030. General qualification criteria are specified in 63-4402, and can be summed up as making an investment of at least \$500,000 in new facilities and adding at least ten new jobs paying at least \$19.23 per hour. The average wage for each additional job above the initial ten must be at least \$15.50 per hour.

HISTORY: Enacted in 2005. Amended in 2006. Average wage calculation amended in 2008. Amended in 2009 to extend this exemption through December 31, 2020. Amended in 2020 to extend this exemption through December 31, 2030.

Lottery Tickets and Pari-Mutuel Betting:

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.

Agricultural Services

DESCRIPTION: Includes the value of contract work included in the revenue portion of the Census of Agriculture.

HISTORY: Not subject to sales and use taxes.

Industrial and Mining Services

DESCRIPTION: Taxable revenue is the sum of 2.5% of Idaho's share of NAICS 21 revenue and 3.75% of Idaho's share of NAICS 31-33 revenue.

HISTORY: Not subject to sales and use taxes.

Trade and Retail Services

DESCRIPTION: Taxable revenue is the sum of 10% of Idaho's share of NAICS 42 revenue and 2.5% of Idaho's share of NAICS 44-45 revenue subtracting 4411,4412,4413,444,44719 which are included in repair services.

HISTORY: Not subject to sales and use taxes.

Information Services

DESCRIPTION: Taxable revenue is 100% of Idaho's share of NAICS 51 revenue.

HISTORY: Not subject to sales and use taxes.

Financial and Real Estate Services

DESCRIPTION: Taxable revenue is the sum of 75% of Idaho's share of NAICS 52 revenue and 75% of Idaho's share of NAICS 53 revenue.

HISTORY: Not subject to sales and use taxes.

Professional, Management, Administrative Services Services

DESCRIPTION: Taxable revenue is 100% of Idaho's share of NAICS 54,55,56 revenue.

HISTORY: Not subject to sales and use taxes.

Education Services

DESCRIPTION: Taxable revenue is 100% of Idaho's share of NAICS 61 revenue.

HISTORY: Not subject to sales and use taxes.

Health Care Services

DESCRIPTION: Taxable revenue is 100% of Idaho's share of NAICS 62 revenue.

HISTORY: Not subject to sales and use taxes.

All Other Services

DESCRIPTION: Taxable revenue is 66% of Idaho's share of NAICS 81 revenue subtracting the revenue from NAICS 8111,8112,8113, and 8114 included in repair services.

HISTORY: Not subject to sales and use taxes.