

## IDAPA 35 - STATE TAX COMMISSION

### 35.01.02 - IDAHO SALES AND USE TAX ADMINISTRATIVE RULES

DOCKET NO. 35-0102-1601

#### NOTICE OF INTENT TO PROMULGATE RULES - NEGOTIATED RULEMAKING

**AUTHORITY:** In compliance with Sections 67-5220(1) and 67-5220(2), Idaho Code, notice is hereby given that this agency intends to promulgate rules and desires public comment prior to initiating formal rulemaking procedures. This negotiated rulemaking action is authorized pursuant to Sections 63-105(2), 63-3624(a), 63-3635, and 63-3039, Idaho Code.

**MEETING SCHEDULE:** A public meeting on the negotiated rulemaking will be held as follows:

**Thursday, May 19, 2016 - 1:30 pm MDT**

**Idaho State Tax Commission  
Room 1CR5 – 1st Floor  
800 Park Boulevard, Plaza IV  
Boise, ID 8372-7742**

It is likely that some or all of these rules will require further discussion in follow up meetings that will also be open to the public. Notification of any additional meetings will be posted on the Tax Commission's website at <http://tax.idaho.gov/i-1141.cfm?com=s> at least one week prior to the date of the meeting. All meeting agendas are also posted on the website which will contain specific information on the rules that will be discussed at a particular meeting. There is no guarantee that a particular rule will be discussed beyond the meeting noted above, so please plan accordingly.

The meeting site will be accessible to persons with disabilities, if needed. Requests for accommodation must be made not later than five (5) days prior to the meeting to the agency address below.

**METHOD OF PARTICIPATION:** Persons wishing to participate in the negotiated rulemaking must do the following:

Attend the scheduled meeting and participate in the discussion for any of the rules on the agenda. You may join the meeting by phone if you wish; however, notice must be given in advance so accommodations can be arranged.

Submit a written comment addressing one or more of the rules to be negotiated. All written comments must be received by July 31, 2016, or they may not receive consideration in the negotiated rulemaking process.

Upon conclusion of the negotiated rulemaking, any unresolved issues, all key issues considered, and conclusion reached during the negotiated rulemaking will be addressed in a written summary and made available on the agency website.

**DESCRIPTIVE SUMMARY AND STATEMENT OF PURPOSE:** The following is a statement in nontechnical language of the substance and purpose of the intended negotiated rulemaking and the principle issues involved:

**Rule 107 VEHICLES AND VESSELS – GIFTS, MILITARY PERSONNEL, NONRESIDENT, NEW RESIDENT, TAX PAID TO ANOTHER STATE, SALES TO FAMILY MEMBERS SALES TO AMERICAN INDIANS, AND OTHER EXEMPTIONS**

The passage of House Bill 348 during the 2016 Idaho legislative session necessitates changes to this rule. The bill added paddleboards and similar vessels to the list of watercraft that are subject to sales tax when purchased by nonresidents in Section 63-3622R, Idaho Code. Rule changes will be discussed to conform to the new law.

**Rule 100 PRESCRIPTIONS**

The passage of House Bill 075 from the 2015 Idaho legislative session necessitates changes to this rule. The bill included as exempt from sales tax the sale of prescription eyeglasses and component parts effective 7/1/2015 and prescription contact lenses effective 7/1/2016 in Section 63-3622N, Idaho Code. Rule changes will be discussed to conform to the new law and in general to improve clarity.

**Rule 096 IRRIGATION EQUIPMENT AND SUPPLIES**  
**Rule 102 LOGGING**

The passage of House Bill 347 from the 2016 Idaho legislative session necessitates changes to these rules. The bill was to be consistent with the passage of House Bill 39 from the 2015 Idaho Legislative session and repealed language relating to hand tools costing \$100 or less and making them exempt from sales tax when used directly in the production of radio and television broadcasts, production of certain free newspapers, agricultural irrigation and logging in Sections 63-3622S, 63-3622T, 63-3622W, and 63-3622JJ, Idaho Code. Rule changes will be discussed to conform to the new law.

**Rule 079 PRODUCTION EXEMPTION**  
**Rule 080 LUMBER MANUFACTURING**  
**Rule 081 UNDERGROUND MINING**  
**Rule 082 ABOVEGROUND, OPEN PIT, MINING**  
**Rule 083 FARMING AND RANCHING**

The passage of House Bill 386 from the 2016 Idaho legislative session necessitates changes to Rule 079 and Rule 083. The bill amended the production exemption to include "removal from storage" of agricultural commodities in Section 63-3622D, Idaho Code. Rule changes will be discussed to conform to the new legislation and to clarify that activities which are an integral and necessary step in maintaining specific product standards are exempt from sales tax.

**ASSISTANCE ON TECHNICAL QUESTIONS, SUBMISSION OF WRITTEN COMMENTS, OBTAINING DRAFT COPIES:** For assistance on technical questions concerning this negotiated rulemaking contact Douglas Harrie at (208) 334-7680. Materials pertaining to the negotiated rulemaking, including any available preliminary rule drafts, can be found on the agency's web site at the following web address: <http://tax.idaho.gov/i-1141.cfm?com=s>.

Anyone may submit written comments regarding this negotiated rulemaking. All written comments must be directed to the undersigned and must be delivered on or before July 31, 2016. Comments may be submitted via e-mail to [sherry.briscoe@tax.idaho.gov](mailto:sherry.briscoe@tax.idaho.gov).

DATED this 11th Day of April 2016.

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