

PRODUCT TAX RULES COMMITTEE

**AGENDA**

The Committee convenes on Tuesday, June 19, 2018 at 1:00 p.m.:

Idaho State Tax Commission  
Room 1CR5 / Plaza IV / 800 Park Ave / Boise, Idaho

1:00PM – Call to Order and Introductions

1. Committee Chair Report Don Williams
2. Review of Drafts:
  - a. **Cigarette and Tobacco Tax Rule 15, Stamps—Source, Amount, Limitations**  
.....Page 2
  - b. **Motor Fuel Rule 170, Information on Dyed and Undyed Diesel Fuel....Pages 3-4**
3. Non-negotiated, Proposed Rules
  - a. June 2018 Bulletin (go to <https://adminrules.idaho.gov/bulletin/2018/06.pdf>)
    - i. Docket 35-0109-1801 (Wine Tax)
      1. Rule 016, Wine Tax Returns and Reports
    - ii. Docket 35-0110-1802 (Cigarette and Tobacco Products Tax)
      1. Rule 003, Administrative Appeals
      2. Rule 018, Cigarette Tax Return
4. Adjourn

*For more information, please contact the Committee Chair at [don.williams@tax.idaho.gov](mailto:don.williams@tax.idaho.gov) or call (208) 334-7855; or the Rules Coordinator at [kimberlee.stratton@tax.idaho.gov](mailto:kimberlee.stratton@tax.idaho.gov) or call 208.334.7544. All agendas and rules related documents are posted on our website under the appropriate committee.*

## CIGARETTE AND TOBACCO PRODUCTS TAX RULE 015 (DRAFT)

### 015. STAMPS-SOURCE, AMOUNT, LIMITATIONS (RULE 015).

Sections 63-2510 and 63-2510A, Idaho Code.

**01. Obtaining Stamps.** Cigarette stamps may only be obtained at the Boise office of the Commission. (7-1-93)

**02. Unused Stamp Inventory.** Wholesalers may not hold an inventory of unused Idaho ~~C~~cigarette ~~S~~stamps, the face value of which exceeds the amount of their bonding ~~or three months estimated average tax liability whichever is greater~~. See Rule 017 of these rules regarding bonding. (7-1-93) ( )

**03. Filing and Paying Timely.** Failure to file a cigarette tax return or pay the tax on a timely basis will result in no additional stamps being issued by the Commission to a wholesaler until clear and convincing evidence is received by the Commission that the return has been filed or that the tax has been paid. (7-1-93)

**04. Security.** Wholesalers are responsible for the face value of all stamps received from the Commission. Wholesalers must provide proper security for the stamps in their possession. (7-1-93)

**MOTOR FUEL TAX RULE 170 (DRAFT 2) \*\*\*REVISED\*\*\***

**170. INFORMATION ON DYED & UNDYED DIESEL FUEL (RULE 170).**

Section 63-2425, Idaho Code

**01. Undyed Diesel Fuel Used for Heating Purposes.** The consumer must apply directly to the State Tax Commission for a refund of the special fuels taxes included in the purchase price ~~on purchases~~ of undyed diesel ~~fuel which are~~ used for heating a dwelling or building. The distributor may assist the consumer ~~who is~~ claiming a refund of the special fuels tax from the State Tax Commission by: (4-2-08) ( )

- a. Properly documenting information on the sales invoice; and (7-1-98)
- b. Providing the customer with a Form 75. (3-29-10)

**02. Red-Dyed Low-Sulfur and Ultra Low-Sulfur Fuel.** It is illegal to use red-dyed ~~low-sulfur and ultra low-sulfur fuel~~ diesel in the main supply tank of a licensed, or required to be licensed, motor vehicle in this state unless the type of user is listed ~~in Subsection 170.03 of this rule~~ below. Penalties for illegal use of red-dyed ~~low-sulfur and ultra low-sulfur fuel~~ diesel in a motor vehicle are found in Section ~~63-2425~~ 63-2460, Idaho Code. The Internal Revenue Code does allow certain types of users to purchase tax-exempt red-dyed diesel for use in their vehicles. Red-dyed diesel may be used: (3-29-10) ( )

~~**03. Red-Dyed Low-Sulfur and Ultra Low-Sulfur Fuel.** The Internal Revenue Code does allow certain types of users to purchase tax-exempt red-dyed low-sulfur and ultra low-sulfur diesel fuel for use in their vehicles. The use of untaxed low-sulfur and ultra low-sulfur red-dyed diesel fuel in motor vehicles may be subject to Idaho's special fuels tax if the motor vehicles are not owned or leased, and operated by the state of Idaho, or any of its political subdivisions such as a city, county, or fire district. The red-dyed low-sulfur and ultra low-sulfur diesel fuel may be used:~~ (4-2-08) ( )

- a. By state and local governments (political subdivisions of the state) for their exclusive use; (7-1-98)
- b. In the engine of a train; (7-1-98)
- c. In a school bus while the bus is engaged in the transportation of students and school employees; (7-1-98)
- d. In a vehicle (such as a ground servicing vehicle for aircraft) owned by an aircraft museum; (4-11-06)
- e. In a highway vehicle that is not registered (and is not required to be registered) for highway use under the laws of any state or foreign country and is used in the operator's trade or business or for the production of income; (4-11-06)

**f.** In a highway vehicle owned by the United States that is not used on a highway;  
(4-11-06)

**g.** Exclusively by a nonprofit educational organization as defined in Internal Revenue Code Section 4221 (d)(5). (4-11-06)