

**SALES TAX RULES COMMITTEE
FINAL AGENDA**

The Committee convenes on Wednesday, July 31, 2013, at 1:00 p.m. at:

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

1. Welcome & Introductions
2. Sales & Use Tax Rules Discussion
 - a. **Rule 036** Signs and Billboards (*Draft 2*) – Clarify that certain signs, such as traffic, highway, and street signs, become real property after installation while others, such as business signs, do not. For those signs that become real property, the rule will make it clear that the installer of the sign operates as a contractor improving real property and, therefore, owes sale or use tax on its purchase or use of the sign materials.
 - b. **Rule 037** Aircraft and Flying Services (*Draft 2*) – House Bill 15 (2013) created a definition for primary and primarily in regards to the use of tangible personal property. Some simple examples will be added to this rule to address the application of the new definition.
 - c. **Rule 041** Food, Meals, and Drinks (*Draft 1*) – House Bill 187 (2013) exempted the use of beverages when given away as part of a tasting. To prevent confusion, the rule will be amended to clarify that charges to participate in a tasting are still taxable.
 - d. **Rule 046** Coatings (*Draft 1*) – Clarify that sales of coatings of all kinds (paint, powder coating, spray on bedliner, chrome plating, etc.) will be treated consistently. In addition, the rule will address when a materials charge must be broken out and when it is subject to tax.
 - e. **Rule 079** Production Exemption (*Draft 2*) – Clarify that sales and use of equipment used to improve and install real property are taxable even if the real property is used in production.
 - f. **Rule 100** Prescriptions (*Draft 2*) – Remove language referring to eyeglass and contact dispensing charges and clarify that separately stated professional service charges for examining and prescribing eyeglasses are not taxable.
 - g. **Rule 114** Records Required, Food Stamps, Electronic Benefits Transfers, and WIC Checks (*Draft 3*) – House Bill 12 (2013) updated the obsolete language of the food stamp exemption to bring it in line with the current federal program, SNAP.

Update the rule to reflect the statutory changes and to remove obsolete references to aspects of the assistance programs that no longer exist (i.e. state provided sales machines).

- h. **Rule 130** Promoter Sponsored Events (*Draft 4*) – Clarify promoter’s responsibility in regards to documentation that must be obtained from participants at the event. Update the procedure regarding Form ST-124 that all participants at the event are required to complete.
3. Hotel & Motel Tax Rules Discussion
- a. **Rule 010** Definitions (*Draft 1*) – Clarify the definition of hotel or motel to include sites that have a structure available and intended for sleeping, such as a cabin, yurt, or lookout tower.
 - b. **Rule 016** Exemptions (*Draft 1*) – Clarifies that the state of Idaho will be required to collect the travel and convention tax on rentals of hotels or motels including sites with structures intended for sleeping.
4. Wine Tax Rules Discussion
- a. **Rule 012** Exemptions (*Draft 1*) – Clarify when the exemption applies to wine sold by Idaho wine direct shippers to customers outside Idaho.
5. Cigarette and Tobacco Products Tax Rules Discussion
- a. **Rule 019** Tobacco Manufacturers and Distributors (*Draft 1*) – House Bill 7 (2011) amended the statutory definition of “wholesale sales price” to include “any person” selling tobacco products. The rule section on “wholesale sales price” needs to be updated to reflect this change. In addition, the rule change will address when separately stated charges are part of the wholesale sales price subject to tax and when those charges should be excluded.
6. Prepaid Wireless E911 Fee Rules (*Draft 1*)
- a. **Rules 000 – 999** House Bill 193 (2013) imposed a new 2.5% fee on the sale of prepaid wireless telecommunications service. Starting January 1, 2014, the fee will be collected by retailers of such service from their customers. A new chapter of rules will be created to address the administration of the fee. Where possible, this new chapter will reference or defer to the sales tax code and administrative rules as directed by the new statute.
7. Any Additional Items for Discussion
8. Next meeting date: August 20, 2013
9. Meeting adjourned

For more information, please contact the Rules Coordinator at sherry.briscoe@tax.idaho.gov or at 208.334.7544. All agendas and rules related documents are posted on our website under the appropriate committee.