



May 14 2014

McLean Russell – Tax Policy Specialist
Idaho Tax Commission
P.O. Box 56
Boise, ID 83722

Subject: Idaho Sales Tax on Cable Television Services and HB 598

Dear Mr. Russell:

I understand that the Idaho Tax Commission is in the process of developing rules related to the implementation of HB 598 and the application of Idaho's sales tax to "digital videos", as it relates to distribution by cable television companies. I also understand that the intent of the legislation was to maintain the sales tax *status quo* as it is applied to our industry and not subject any of our video services to Idaho's sales tax, if such services are not currently taxed. Finally, I understand that you and the Idaho Tax Commission may have questions as to the current taxability of delayed viewing products and services offered by cable companies, in particular, "video-on-demand" (VOD).

Time Warner offers its customers VOD. Attached please find a "screen shot" of a Time Warner customer's billing ledger that shows this particular customer's total bill, including three VOD purchases in March (The customer's name and other identifying material has been redacted). As you can see from this customer's bill ledger, no Idaho sales tax is collected by Time Warner for VOD sales.

I would also note that sales tax is collected on the rental by the customer of a "set top box package".

Thank you for this opportunity to clarify how Time Warner is not currently collecting Idaho Sales Tax on its video-on-demand product.

Sincerely,

/s/ *Correen Stauffer*

Correen Stauffer, General Manager
Time Warner Cable, Coeur d' Alene

SQ	DATE	FROM	TO	REFERENCE	DC	DESCRIPTION	AMOUNT	BALANCE
01	0502					CREDIT CARD PAYMENT	47.61-	.00
	0416	0426	0525			BALANCE DUE		47.61
02	0416					TWC REGULATORY RECOVER	.09	47.61
03	0416					STATE AND LOCAL SALES	.68	47.52
04	0416					FRANCHISE FEE	2.49	46.84
05	0416					PEG CAPITAL FEE	.11	44.35
06	0416				IO	VALUE DISCOUNT	7.00-	44.24
07	0416			SERVDISC	LD	SERVICE DISCOUNT	12.99-	51.24
08	0416			DD001 SRV	LD	DVR SERVICE	12.99	64.23
09	0416			SERVDISC	ZH	SERVICE DISCOUNT	33.00-	51.24
10	0416			BDOBG PKG	ZH	STANDARD TV	72.99	84.24
11	0416			#EQGL PKG		SET-TOP BOX PACK	11.25	11.25
12	0403					CREDIT CARD PAYMENT	52.86-	.00
	0316	0326	0425			BALANCE DUE		52.86
13	0316					TWC REGULATORY RECOVER	.09	52.86
14	0316					STATE AND LOCAL SALES	.68	52.77
15	0316					FRANCHISE FEE	3.12	52.09

SQ	DATE	FROM	TO	REFERENCE	DC	DESCRIPTION	AMOUNT	BALANCE
01	0316					PEG CAPITAL FEE	.11	48.97
02	0316				IO	VALUE DISCOUNT	7.00-	48.86
03	0316			SERVDISC	LD	SERVICE DISCOUNT	12.99-	55.86
04	0316			DD001 SRV	LD	DVR SERVICE	12.99	68.85
05	0316			SERVDISC	ZH	SERVICE DISCOUNT	33.00-	55.86
06	0316			BDOBG PKG	ZH	STANDARD TV	72.99	88.86
07	0316			#EQGL PKG		SET-TOP BOX PACK	11.25	15.87
08	0307			EEPI0307		NEW HG: CAT 07:53 A.M.	4.99	4.62
09	0305					CREDIT CARD PAYMENT	53.57-	.37-
10	0304			EEPI0303		WORLD WAR Z 07:03 P.M.	4.99	53.20
11	0304			EEPI0303		SNOW WHITE/ 07:14 P.M.	1.99	48.21
	0216	0226	0325			BALANCE DUE		46.22
12	0216					TWC REGULATORY RECOVER	.09	46.22
13	0216					STATE AND LOCAL SALES	.60	46.13
14	0216					FRANCHISE FEE	2.43	45.53
15	0216					PEG CAPITAL FEE	.11	43.10
16	0216				IO	VALUE DISCOUNT	7.00-	42.99
17	0216			SERVDISC	LD	SERVICE DISCOUNT	12.99-	49.99
18	0216			DD001 SRV	LD	DVR SERVICE	12.99	62.98

CIB24I ** PF7 = PREV STATEMENT; PF8 = NEXT STATEMENT **

Sales tax is accessed on
 Equipm only - (highlighted in yellow)
 * Set Top Box - Bill
 X 2.25

$$\text{TAX} = 1.675$$

* Note - 3 items in Price are VOB
 - tax is not accessed