

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 298

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO THE USE TAX BY HOSPITALS; AMENDING SECTION 63-36220, IDAHO CODE,  
2 TO REVISE PROVISIONS REGARDING THE SALES TAX EXEMPTION AVAILABLE TO  
3 CERTAIN HOSPITALS AND TO PROVIDE FOR THE APPLICATION OF CERTAIN USE TAX  
4 REVENUE FROM CERTAIN HOSPITALS; AND AMENDING CHAPTER 8, TITLE 57, IDAHO  
5 CODE, BY THE ADDITION OF A NEW SECTION 57-810, IDAHO CODE, ESTABLISHING  
6 THE MEDICAID EXPANSION DEDICATED FUND.  
7

8 Be It Enacted by the Legislature of the State of Idaho:

9 SECTION 1. That Section 63-36220, Idaho Code, be, and the same is hereby  
10 amended to read as follows:

11 63-36220. EXEMPT PRIVATE AND PUBLIC ORGANIZATIONS. (1) There are ex-  
12 empted from the taxes imposed by this chapter:

13 (a) Sales to or purchases by hospitals, health-related entities, edu-  
14 cational institutions, forest protective associations and canal compa-  
15 nies that are nonprofit organizations; and

16 (b) Donations to, sales to, and purchases by the Idaho Foodbank Ware-  
17 house, Inc.; and

18 (c) Donations to, sales to, and purchases by food banks or soup kitchens  
19 of food or other tangible personal property used by food banks or soup  
20 kitchens in the growing, storage, preparation or service of food, but  
21 not including motor vehicles or trailers; and

22 (d) Sales of clothes to, donations of clothes to, and purchases of  
23 clothes by nonsale clothiers; and

24 (e) Sales to or purchases by centers for independent living; and

25 (f) Sales to or purchases by the state of Idaho and its agencies and its  
26 political subdivisions; and

27 (g) Sales to or purchases by volunteer fire departments or licensed  
28 emergency medical service agencies; and

29 (h) Sales to or purchases by a qualifying senior citizen center; and

30 (i) Sales to or purchases by the Blind Services Foundation, Inc.; and

31 (j) Donations to, sales to or purchases by the Advocates for Survivors  
32 of Domestic Violence and Sexual Assault, Inc., a nonprofit corporation;  
33 and

34 (k) Sales to or purchases by nonprofit organizations offering free den-  
35 tal clinic services to children; and

36 (l) Admissions to and purchases by museums, as defined in subsection  
37 (2) of this section.

38 (2) As used in this section, these words shall have the following mean-  
39 ings:

40 (a) "Educational institution" shall mean nonprofit colleges, univer-  
41 sities, public charter schools organized pursuant to chapter 52, title  
42 33, Idaho Code, the Idaho digital learning academy established pursuant

1 to chapter 55, title 33, Idaho Code, and other primary and secondary  
2 schools, the income of which is devoted solely to education and in which  
3 systematic instruction in the usual branches of learning is given. This  
4 definition does not include schools primarily teaching business, danc-  
5 ing, dramatics, music, cosmetology, writing, gymnastics, exercise and  
6 other special accomplishments nor parent-teacher associations, parent  
7 groups, alumni or other auxiliary organizations with purposes related  
8 to the educational function of an institution or collective group of in-  
9 stitutions.

10 (b) "Hospital" shall ~~include nonprofit institutions licensed by the~~  
11 ~~state for the care of ill persons. It shall not extend to nursing homes~~  
12 ~~or similar institutions~~ mean a critical access hospital as defined in 42  
13 U.S.C. 1395x(mm).

14 (c) "Health-related entities" shall mean the Idaho Cystic Fibrosis  
15 Foundation, Idaho Epilepsy League, Idaho Lung Association, March of  
16 Dimes, American Cancer Society, Camp Rainbow Gold, Mental Health As-  
17 sociation, The Arc, The Children's Home Society of Idaho, American  
18 Heart Association, Idaho Ronald McDonald House, United Cerebral Palsy,  
19 Arthritis Foundation, Muscular Dystrophy Foundation, National Mul-  
20 tiple Sclerosis Society, Rocky Mountain Kidney Association, American  
21 Diabetes Association, Easter Seals, Idaho Community Action Agencies,  
22 Idaho Primary Care Association and community health centers that are  
23 members of the Idaho Primary Care Association, the Idaho Association of  
24 Free and Charitable Clinics and its member clinics, the Idaho Diabetes  
25 Youth Programs, Special Olympics Idaho, the Idaho Women's and Chil-  
26 dren's Alliance, and the Family Services Alliance of Southeast Idaho,  
27 together with said entities' local or regional chapters or divisions.

28 (d) "Canal companies" shall include nonprofit corporations that are  
29 incorporated solely for the purpose of operating and maintaining and  
30 are engaged solely in operation and maintenance of dams, reservoirs,  
31 canals, lateral and drainage ditches, pumps or pumping plants.

32 (e) "Forest protective associations" shall mean associations whose  
33 purpose is the furnishing, operating and maintaining of a protective  
34 system for the detection, prevention and suppression of forest or range  
35 fires. Forest protective associations shall include only those associ-  
36 ations with which the state of Idaho has contracted or become a member of  
37 pursuant to chapter 1, title 38, Idaho Code.

38 (f) "Food banks or soup kitchens" shall mean any nonprofit corporation  
39 or association, other than the Idaho Foodbank Warehouse, Inc., one of  
40 whose regular activities is the furnishing or providing of food or food  
41 products to others without charge.

42 (g) "Nonsale clothier" shall mean any nonprofit corporation or associ-  
43 ation, one of whose primary purposes is the furnishing or providing of  
44 clothes to others without charge.

45 (h) "Clothes" shall mean garments in general, designed or intended to  
46 be worn by humans, and shall include footwear in addition to wearing ap-  
47 parel.

48 (i) "Center for independent living" shall mean a private, nonprofit,  
49 nonresidential organization in which at least fifty-one percent (51%)

1 of the principal governing board, management and staff are individuals  
2 with disabilities and that:

- 3 (i) Is designed and operated within a local community by individ-  
4 uals with disabilities;  
5 (ii) Provides an array of independent living services and pro-  
6 grams; and  
7 (iii) Is cross-disability.

8 (j) "Political subdivision" means:

- 9 (i) A governmental organization that:  
10 1. Embraces a certain territory,  
11 2. Is organized for public advantage and not in the interest  
12 of private individuals or classes,  
13 3. Has been delegated functions of government, and  
14 4. Has the statutory power to levy taxes; or  
15 (ii) A public health district created by section 39-408, Idaho  
16 Code; or  
17 (iii) A soil conservation district as defined in section 22-2717,  
18 Idaho Code; or  
19 (iv) A drainage district created pursuant to chapter 29, title  
20 42, Idaho Code; or  
21 (v) An irrigation district created pursuant to title 43, Idaho  
22 Code; or  
23 (vi) A state grazing board created by section 57-1204, Idaho  
24 Code; or  
25 (vii) A water measurement district created pursuant to section  
26 42-705 or 42-706, Idaho Code; or  
27 (viii) A ground water management district created pursuant to  
28 chapter 51, title 42, Idaho Code.

29 (k) "Agency of the state of Idaho" shall mean an office or organization  
30 created by the constitution or statutes of this state and constituting a  
31 component part of the executive, judicial or legislative branch of the  
32 government of this state.

33 (l) "Volunteer fire department" means an entity exempt from federal  
34 income taxation pursuant to section 501(c)(3) of the Internal Revenue  
35 Code and which primarily provides fire protection or fire prevention on  
36 a not-for-profit basis to surrounding residents.

37 (m) "Licensed emergency medical service agency" means an emergency  
38 medical service (EMS) licensed by the EMS bureau of the department of  
39 health and welfare and which is exempt from federal income taxation  
40 pursuant to section 501(c)(3) of the Internal Revenue Code and which  
41 provides emergency medical services on a not-for-profit basis to sur-  
42 rounding residents.

43 (n) "Qualifying senior citizen center" means an entity exempt from in-  
44 come tax pursuant to section 501(c)(3) of the Internal Revenue Code and  
45 which is a community facility for the organization and provision of a  
46 broad spectrum of services, which shall include provision of health,  
47 including mental health, social, nutritional, and educational services  
48 and the provision of facilities for recreational activities for older  
49 individuals.

1 (o) "Museum" means a public institution or an entity exempt from income  
2 tax pursuant to section 501(c) (3) of the Internal Revenue Code, which  
3 stores, preserves and exhibits objects of art, history, science or  
4 other objects of historical, educational or cultural value on a perma-  
5 nent basis in a building, portion of a building or outdoor location and  
6 which provides museum services to the public on a regular basis.

7 (3) The exemption granted by subsection (1) (f) of this section does not  
8 include any association or other organization whose members are political  
9 subdivisions or state agencies unless the organization is expressly created  
10 under the joint powers provision of sections 67-2328 through 67-2333, Idaho  
11 Code.

12 (4) The exemptions granted by subsection (1) of this section do not in-  
13 clude the use of tangible personal property by a contractor used to improve  
14 real property of an exempt entity when such use is within the definition pro-  
15 vided by section 63-3615(b), Idaho Code, whether the use tax liability is in-  
16 cluded in a contract total or stated separately in a contract.

17 (5) There is exempted from the taxes imposed in this chapter the renting  
18 of a place to sleep to an individual by the Idaho Ronald McDonald House.

19 (6) In lieu of paying sales tax, hospitals not exempt from the sales and  
20 use tax under this chapter shall accrue and remit any use tax due on sales  
21 to or purchases by the nonexempt hospital to the state tax commission. The  
22 method of payment shall be established and administered by the state tax com-  
23 mission. The state tax commission shall transfer such funds to the medicaid  
24 expansion dedicated fund established in section 57-810, Idaho Code.

25 SECTION 2. That Chapter 8, Title 57, Idaho Code, be, and the same is  
26 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
27 ignated as Section 57-810, Idaho Code, and to read as follows:

28 57-810. MEDICAID EXPANSION DEDICATED FUND. (1) There is hereby cre-  
29 ated in the state treasury, the medicaid expansion dedicated fund to which  
30 shall be credited all moneys remitted pursuant to law, as well as donations  
31 or moneys from any other source. Moneys in the fund are intended to fund the  
32 cost of medicaid eligibility expansion and may be expended pursuant to ap-  
33 propriation.

34 (2) An amount of money shall be distributed to the state refund account  
35 sufficient to pay current refund claims under this section. All refunds au-  
36 thorized for payment by the state tax commission shall be paid through the  
37 state refund account, and those moneys are continuously appropriated.

38 (3) The remaining funds shall be applied to the cost of funding medicaid  
39 eligibility expansion.

40 (4) All interest earned on the investment of idle moneys in the fund  
41 shall be returned to the fund.

42 (5) The state tax commission shall promulgate such rules as are neces-  
43 sary to implement the provisions of this section.