

IN THE SENATE

SENATE BILL NO. 1241

BY NICHOLS

AN ACT

1 RELATING TO THE IDAHO YOUNG ENTREPRENEURS ACT; AMENDING CHAPTER 3, TITLE 50,
2 IDAHO CODE, BY THE ADDITION OF A NEW SECTION 50-307A, IDAHO CODE, TO ES-
3 TABLISH PROVISIONS REGARDING THE IDAHO YOUNG ENTREPRENEURS ACT; AMEND-
4 ING SECTION 63-3622K, IDAHO CODE, TO PROVIDE AN EXEMPTION FOR CERTAIN
5 BUSINESSES FROM THE DUTY TO COLLECT AND REMIT SALES TAXES; AND PROVIDING
6 AN EFFECTIVE DATE.
7

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

9 SECTION 1. That Chapter 3, Title 50, Idaho Code, be, and the same is
10 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
11 ignated as Section 50-307A, Idaho Code, and to read as follows:

12 50-307A. IDAHO YOUNG ENTREPRENEURS ACT. (1) This section shall be
13 known and may be cited as the "Idaho Young Entrepreneurs Act."

14 (2) A business owned and operated solely by a person or persons under
15 eighteen (18) years of age is exempt from any licensing, permitting, or fee
16 requirements imposed by a city pursuant to this chapter.

17 (3) Sales by a business owned and operated solely by a person or persons
18 under eighteen (18) years of age shall be exempt from the taxes imposed by
19 chapter 36, title 63, Idaho Code, as long as the gross receipts of the busi-
20 ness do not exceed ten thousand dollars (\$10,000) per year.

21 SECTION 2. That Section 63-3622K, Idaho Code, be, and the same is hereby
22 amended to read as follows:

23 63-3622K. OCCASIONAL SALES. (a) There are exempted from the taxes im-
24 posed by this chapter occasional sales of tangible personal property.

25 (b) As used in this section, the term "occasional sale" means:

26 (1) A sale of property not held or used by a person in the course of an
27 activity for which he is required to hold a seller's permit, provided
28 such sale is not one (1) of a series of sales sufficient in number or
29 of such a nature as to constitute the seller a "retailer" under section
30 63-3610(c), Idaho Code. The definition of "occasional sales" provided
31 in this subsection does not apply to use tax in regard to tangible per-
32 sonal property used to improve real property when such property is ob-
33 tained, directly or indirectly, from a person in the business of making
34 like or similar improvements to real property.

35 (2) Any transfer of all or substantially all of the property held or
36 used by a person in a business requiring a seller's permit when, after
37 such transfer, the real or ultimate ownership of such property is sub-
38 stantially similar to that which existed before such transfer. For the
39 purpose of this section, stockholders, bondholders, partners, or other
40 persons holding an interest in a corporation or other entity are re-

1 garded as having a "real or ultimate ownership" of the property of such
2 corporation or other entity.

3 (3) A transfer of capital assets to or by a business when the transfer
4 is accomplished through an adjustment of the beneficial interest of the
5 business and the transferor has paid sales or use taxes pursuant to sec-
6 tion 63-3619 or 63-3621, Idaho Code, on the capital assets, incidental
7 to:

8 (i) A division of joint venture, partnership, or limited liabil-
9 ity company assets among the members or partners in exchange for a
10 proportional reduction of the transferee's interest in the joint
11 venture, partnership, or limited liability company. For the pur-
12 poses of this section, the term "limited liability company" means
13 a business organization as defined in chapter 6, title 53, Idaho
14 Code, or as defined in section 30-6-102, Idaho Code, as appropri-
15 ate pursuant to section 30-6-1104, Idaho Code;

16 (ii) The formation of a partnership, joint venture, or limited
17 liability company by the transfer of assets to the partnership,
18 joint venture, or limited liability company or transfers to a
19 partnership, joint venture, or limited liability company in ex-
20 change for proportionate interests in the partnership, joint
21 venture, or limited liability company;

22 (iii) The formation of a corporation by the owners of a business
23 and the transfer of their business assets to the corporation in ex-
24 change for stock in proportion to assets contributed;

25 (iv) The transfer of assets of shareholders in the formation or
26 dissolution of a corporation;

27 (v) The transfer of capital assets by a corporation to its stock-
28 holders in exchange for surrender of capital stock;

29 (vi) The transfer of assets from a parent corporation to a sub-
30 subsidiary corporation which is owned at least eighty percent (80%)
31 by the parent corporation, which transfer is solely in exchange
32 for stock or securities of the subsidiary corporation;

33 (vii) The transfer of assets from a subsidiary corporation which
34 is owned at least eighty percent (80%) by the parent corporation to
35 a parent corporation or another subsidiary which is owned at least
36 eighty percent (80%) by the parent corporation, which transfer is
37 solely in exchange for stock or securities of the parent corpora-
38 tion or the subsidiary which received the assets.

39 (4) The sale, lease or rental of a capital asset in substantially
40 the same form as acquired by the transferor and on which the initial
41 transferor has paid sales or use taxes pursuant to section 63-3619 or
42 63-3621, Idaho Code, when the owners of all of the outstanding stock,
43 equity or interest of the transferor are the same as the transferee or
44 are members of the same family within the second degree of consanguinity
45 or affinity.

46 (5) The sale of substantially all of the operating assets of a business
47 or of a separate division, branch, or identifiable segment to a buyer
48 who continues operation of the business. For the purpose of this sub-
49 section, a "separate division, branch, or identifiable segment" shall
50 be deemed to exist if, prior to its sale, the income and expense attrib-

1 utable to such "separate division, branch, or identifiable segment"
2 could be separately ascertained from the books of accounts and records.

3 (6) Sales by persons who are not defined as "retailers" in section
4 63-3610, Idaho Code.

5 (7) Sales of animals by any 4-H club or FFA club held in conjunction with
6 a fair or the western Idaho spring lamb sale.

7 (8) The sale or purchase of tangible personal property at home yard
8 sales; provided however, that no more than two (2) such home yard sales
9 per individual calendar year shall be exempt.

10 (9) Sales by a business owned and operated solely by a person or persons
11 under eighteen (18) years of age pursuant to the provisions of section
12 50-307A, Idaho Code.

13 (c) As used in this section, the term "occasional sale," when applied to
14 the sale of a motor vehicle, means only:

15 (1) Sales of motor vehicles between members of a family related within
16 the second degree of consanguinity, unless a sales or use tax was not im-
17 posed on the sale of that motor vehicle at the time of purchase, in which
18 situation the sale is taxable.

19 (2) Sales of motor vehicles that fall within the scope of the transac-
20 tions detailed in subsection (b) (2) through (b) (5) of this section.

21 (d) The exemption provided by subsection (b) (1), (b) (4), (b) (6) or
22 (b) (8) of this section shall not apply to the sale, purchase or use of air-
23 craft, as defined in section 21-201, Idaho Code, nor shall it apply to the
24 sale, purchase or use of boats or vessels, as defined in section 67-7003,
25 Idaho Code, nor shall it apply to the sale, purchase or use of snowmobiles,
26 recreational vehicles or off-highway motorbikes, as defined in section
27 63-3622HH, Idaho Code.

28 SECTION 3. This act shall be in full force and effect on and after Jan-
29 uary 1, 2025.