

A GUIDE TO THE 1% LOCAL OPTION TAX

March 24, 2016



- ▶ The “option tax” in Sandpoint is an additional, local, sales tax of 1% to support the restoration of War Memorial Field.
- ▶ What makes the tax an “option” is that it is a choice of the voters of the City.
- ▶ It was approved by a vote of Sandpoint residents on November 3, 2015.
- ▶ The tax went into effect January 1, 2016 and it ends December 31, 2020.

WHAT IS THE “OPTION” TAX?

! Opting not to pay is not an option



- ▶ TANGIBLE PERSONAL PROPERTY – anything you can feel, see, touch, weigh or measure – other than real property
- ▶ ADMISSION CHARGES – movies and events
- ▶ FACILITY FEES AND TANGIBLE PERSONAL PROPERTY FOR RECREATION – health club memberships, park rentals
- ▶ CUSTOM MADE TANGIBLE PERSONAL PROPERTY – custom furniture, clothing
- ▶ LABOR TO PRODUCE, PROCESS OR FABRICATE TANGIBLE PERSONAL PROPERTY
- ▶ ANY PUBLICATION OR LABOR TO PRINT/IMPRINT -- newspaper/magazine subscriptions, printing
- ▶ FOOD, MEALS, DRINKS AND LABOR TO PREPARE OR SERVE THEM
- ▶ RENTING OR LEASING TANGIBLE PERSONAL PROPERTY – boat rentals, car leases, photocopier leases, credit card terminal leases

WHAT IS TAXED?



Rule of Thumb:
Local tax requirements mirror state requirements. If the good or service is subject to state tax, it is subject to the local option tax as well.



- ▶ As RESIDENTS we all pay the option tax when we buy a taxable item within the Sandpoint City limits or purchase a taxable item that is delivered or mailed to our address within City limits.
- ▶ Additionally, TOURISTS, SPORTSMEN, VISITORS, and PEOPLE PASSING THROUGH Sandpoint also pay the tax and this group provides a substantial amount of the revenue under this tax.

WHO PAYS THE OPTION TAX?



- ▶ It applies to all taxable goods and services as defined by the State of Idaho
 - ▶ Retail sales within Sandpoint City limits – unless the business is delivering or installing the items outside of City limits
 - ▶ Taxable items purchased outside of City limits but shipped or delivered to an address within the City limits
 - ▶ Ticket sales for events held within City limits

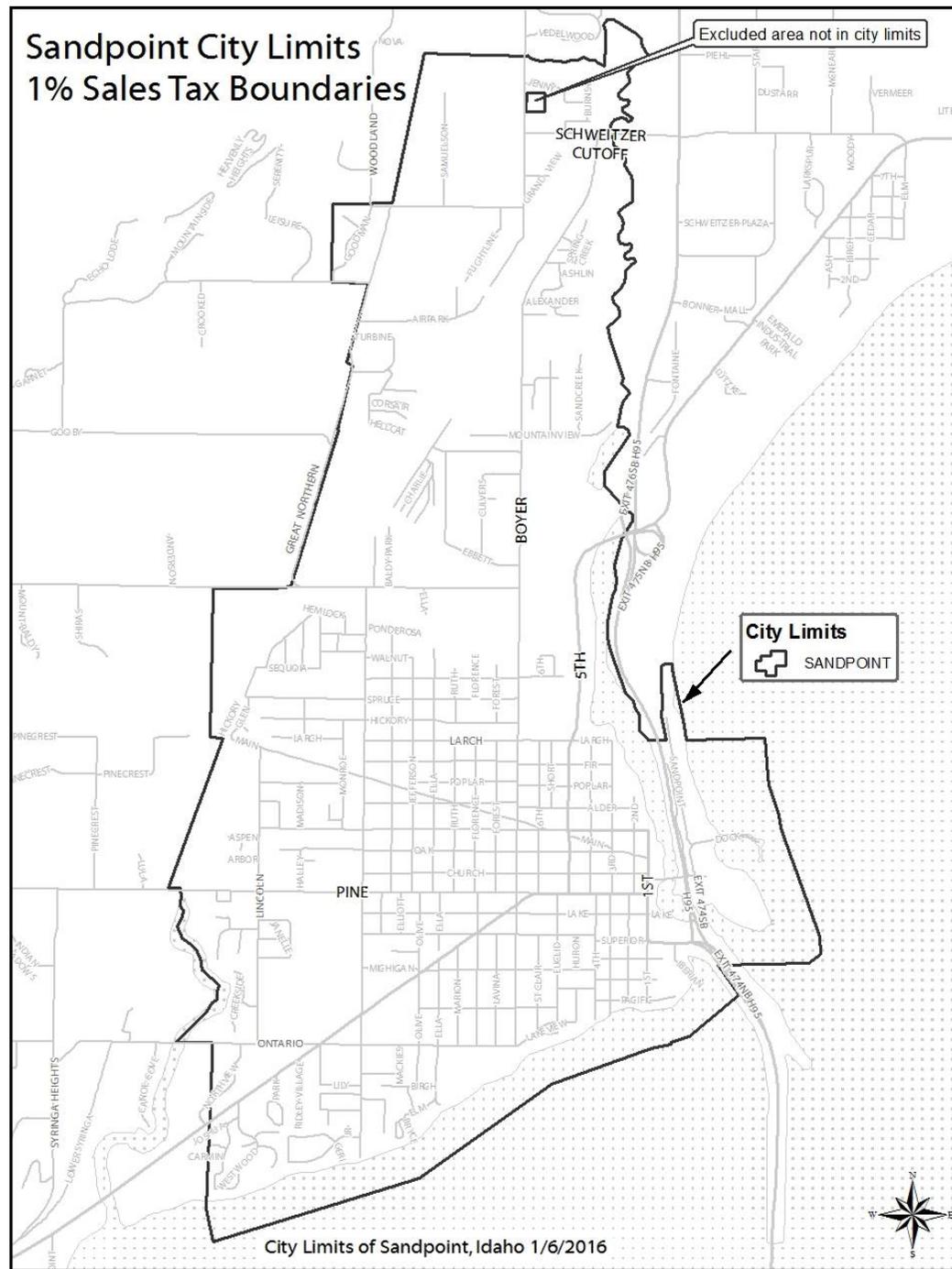
THE “WHERE” IS AN IMPORTANT FACTOR

IT IS A POINT OF SALE TAX

Point of Sale is where the ownership and possession of goods and services is transferred from the seller to the buyer



Sandpoint City Limits 1% Sales Tax Boundaries



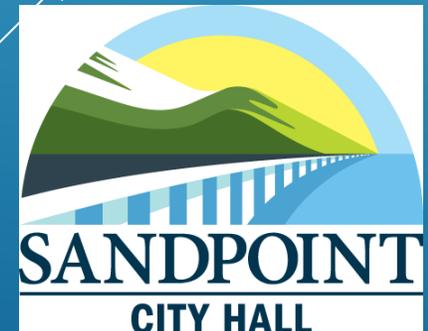
City Limits of Sandpoint, Idaho 1/6/2016





WHAT ABOUT EVENTS?

- Vendors are required to collect Idaho sales tax on their sales and also the City option tax.
- This is true whether or not vendors are required to take out a temporary vendor's permit for the event.
- Event organizers must notify their vendors and provide the City with a listing of who they are and contact information.
- Sales tax remittance forms and informational flyers will be provided to event hosts to give their vendors. Special remittance deadlines will be provided to event vendors.
- City staff are also available to attend pre-event meetings.



- ▶ Local Option Tax is remitted directly to the City of Sandpoint. The State does not process these remittances for us.
- ▶ Local Option Tax Remittance Forms were mailed to businesses with an active business license in January. New forms are automatically mailed to you quarterly if you are a monthly remitter. Fillable forms are also available on the City's new website at <http://www.sandpointidaho.gov/home/showdocument?id=2550>
- ▶ Remittance to the City should occur on the same timeline you remit to the State. For most businesses, that is monthly.

FAQ: My remittances are so small. Why should I write a check for 72 cents? Answer: Contact the City to apply for a quarterly or annual remittance schedule.

HOW DO I REMIT THE TAX?

For additional assistance with remittance issues/questions, please contact Carole at 263-8129.



- ▶ Anyone “doing business” in Sandpoint is required to obtain a city business license and sales tax permit.
 - ▶ This applies to businesses conducting business from or at a location within the City of Sandpoint, or who stores or otherwise has a inventory of product in City limits;
 - ▶ Rents or leases property (other than real property) to a customer who uses the property in Sandpoint;
 - ▶ Services tangible personal property located in Sandpoint; and
 - ▶ Has a salesman, agent or representative who comes to Sandpoint to sell, deliver, install or take orders.
 - ▶ This also applies to businesses located outside of City limits but who come into town to temporarily conduct business.

BUSINESS LICENSES & SALES TAX PERMITS

Businesses required to remit the Local Option Tax are required to have a current business license and sales tax permit with the City.

Licenses and permits can be obtained through the City Clerk's Office and forms are available on our website at <http://www.sandpointidaho.gov/doing-business/business-license>

Clerk's Office
263-3317

!There is an exemption for vendors at permitted events.



