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Free clinic sales tax exemption bill sent to Idaho governor's desk

BOISE — A bill born in the Twin Falls Costco is now headed to the governor's desk.

HB 513 would provide a sales tax exemption for 10 free and charitable medical clinics across the state, including the Wellness Tree Community Clinic in Twin Falls. These clinics are currently required to pay Idaho's six percent sales tax although other medical institutions, such as hospitals, are not.

The idea for the legislation first came to Wellness Tree's executive director, Arne Walker, after a shopping trip to Costco for supplies in 2014. When the cashier asked whether the clinic was exempt from paying sales tax, the new director said yes, not knowing otherwise.

When he returned to his office and checked with the clinic's CPA, he was shocked to find out that he had been wrong.

"I thought, 'It does not seem right,'" Walker recalled. "Because here free clinics operate with volunteer providers, raise all our own money. And we have to give some of that back to the state when...we're saving the state million of dollars."

The exemption is expected to cost the state about $11,000 per year. But for every dollar raised by a free clinic, the state saves roughly five dollars in health care services, Walker said.

It took a few years to find a lawmaker to back the legislation, but last year Rep. Clark Kauffman, a Republican from Filer, agreed to sponsor a similar bill. That bill, which had a broader definition of free clinic, ultimately failed in the Senate.

This year's bill, also sponsored by Kauffman, passed the Senate 30-5 Wednesday morning. Sen. Lee Heider, a Republican from Twin Falls, debated in favor of the bill. It had previously passed the House 42-27.

Walker said he was "ecstatic" to hear that the bill had cleared the Senate. If HB 513 is signed by the governor, Walker said the money saved by Wellness Tree could be put toward things like medical supplies, medication, and lab tests.

"It's a win win for everyone," he said.

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