

DRAFT - REVISED

DRAFT 4

LEGISLATURE OF THE STATE OF IDAHO
Sixty-third Legislature Second Regular Session - 2016

IN THE _____

BILL NO. _____

BY _____

AN ACT

1 RELATING TO TAXATION POLICY; REPEALING SECTION 63-3024A, IDAHO CODE, RE-
2 LATING TO THE GROCERY TAX CREDIT; AMENDING CHAPTER 36, TITLE 63, IDAHO
3 CODE, BY THE ADDITION OF A NEW SECTION 63-3622VV, IDAHO CODE, TO PROVIDE
4 A SALES AND USE TAX EXEMPTION FOR FOOD SOLD FOR HUMAN CONSUMPTION AND
5 TO PROVIDE A DEFINITION OF "FOOD"; DECLARING AN EMERGENCY; PROVIDING
6 RETROACTIVE APPLICATION AND PROVIDING EFFECTIVE DATES.
7

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

9 SECTION 1. That Section 63-3024A, Idaho Code, be, and the same is hereby
10 repealed.

11 SECTION 2. That Chapter 36, Title 63, Idaho Code, be, and the same is
12 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
13 ignated as Section 63-3622VV, Idaho Code, and to read as follows:

14 63-3622VV. FOOD FOR HUMAN CONSUMPTION. (1) There is hereby exempted
15 from the taxes imposed by this chapter the sale of food sold for human con-
16 sumption. The types and kinds of food products eligible for exemption by
17 this section shall be the same types and kinds of food products that are el-
18 igible for purchase with benefits provided under the federal supplemental
19 nutrition assistance program (SNAP) and do not include restaurant sales of
20 food.

21 (2) As used in this section, "food" shall have the same definition as
22 provided in 7 U.S.C. section 2012 as that section existed on January 1, 2015.

23 SECTION 3. An emergency existing therefor, which emergency is hereby
24 declared to exist, Section 1 of this act shall be in full force and effect
25 on and after its passage and approval, and retroactively to January 1, 2016.
26 Section 2 of this act shall be in full force and effect on and after June 1,
27 2016.

STATEMENT OF PURPOSE

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This draft repeals the food tax credit (Idaho Code Section 63-3024A) and exempts the sale of food for human consumption from the state sales tax.

FISCAL NOTE

The fiscal impact is estimated to be a net reduction in revenues for the state and local units of government of approximately \$55.57 million. Of that amount, revenues to the state General Fund are estimated to be reduced about \$34.2 million while revenues to local units of government are estimated to be reduced by about \$21.37 million. The reduction to local units of government result from the elimination of the sales tax on food. This fiscal impact assumes 12.8% of total sales tax collections is directly related to the sale of taxable groceries.

