

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 1

BY HOSTETLER

AN ACT

1 RELATING TO INCOME TAXES; PROVIDING LEGISLATIVE INTENT; AMENDING CHAPTER
2 30, TITLE 63, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 63-3029N,
3 IDAHO CODE, TO ESTABLISH PROVISIONS REGARDING THE IDAHO PARENTAL CHOICE
4 TAX CREDIT; PROVIDING SEVERABILITY; AND DECLARING AN EMERGENCY AND PRO-
5 VIDING RETROACTIVE APPLICATION.
6

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

8 SECTION 1. LEGISLATIVE INTENT. It is the intent of the Legislature that
9 parents and legal guardians in this state be able to choose educational op-
10 portunities, services, and experiences that meet the unique and varied needs
11 of their individual children. The Legislature affirms that parents and
12 legal guardians are best suited to make decisions to help children in this
13 state reach their full potential and achieve a brighter future. It is the in-
14 tent of the Legislature to ease the financial burden of providing education
15 for parents and legal guardians whose children are not enrolled in a public
16 school, public charter school, public virtual charter school, public magnet
17 school, or public kindergarten.

18 SECTION 2. That Chapter 30, Title 63, Idaho Code, be, and the same is
19 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
20 ignated as Section 63-3029N, Idaho Code, and to read as follows:

21 63-3029N. IDAHO PARENTAL CHOICE TAX CREDIT. (1) There is hereby estab-
22 lished the Idaho parental choice tax credit.

23 (2) For the purpose of this section:

24 (a) "Academic instruction" means instruction that includes but is not
25 limited to English language arts, mathematics, science, and social
26 studies.

27 (b) "Nonpublic school" means a private school that provides academic
28 instruction to eligible students. Such academic instruction may be
29 provided in person, online, virtually, or through any combination
30 thereof. "Nonpublic school" also means a microschool or learning pod
31 that provides academic instruction.

32 (c) "Qualified expenses" means any education-related expense incurred
33 on behalf of a qualifying child while such child was not enrolled full
34 or part time in a public school, public charter school, public virtual
35 charter school, public magnet school, or public kindergarten, includ-
36 ing but not limited to:

37 (i) Kindergarten through grade 12 tuition and fees related to
38 attending a nonpublic school, tutoring, taking nationally stan-
39 dardized assessments, taking assessments used to determine col-
40 lege admissions, taking advanced placement examinations, and tak-
41 ing preparatory courses for national assessments;

1 (ii) Costs for textbooks, curriculum, and other educational ma-
2 terials used for kindergarten through grade 12 academic instruc-
3 tion;

4 (iii) Transportation costs to and from a facility incurred for
5 the purposes of receiving kindergarten through grade 12 academic
6 instruction, including the use of privately owned vehicles, which
7 reimbursement shall use the mileage rate applicable to state em-
8 ployee travel in effect at the time the travel occurs, public
9 transportation services, and ridesharing fees; and

10 (iv) Any other expense that is reasonably related to kindergarten
11 through grade 12 academic instruction.

12 (d) "Qualifying child" means a person who:

13 (i) Meets the definition of "qualifying child" as that term is
14 defined in section 63-3029L, Idaho Code;

15 (ii) Is a full-time resident of Idaho;

16 (iii) Has not graduated from high school or received a general
17 equivalency diploma; and

18 (iv) Is five (5) to eighteen (18) years of age, or up to nineteen
19 (19) years of age if such person would have been a qualifying child
20 under section 63-3029L, Idaho Code, but for such person's age, who
21 is properly claimed on the full-time Idaho resident individual in-
22 come tax return of the parent or legal guardian of such person.

23 (3) The Idaho parental choice tax credit shall be administered as pro-
24 vided in this section. For tax year 2025 and subsequent tax years, there
25 shall be allowed a refundable tax credit against the tax imposed by this
26 chapter for any parent or legal guardian who incurs qualified expenses up
27 to nine thousand five hundred dollars (\$9,500) on behalf of a qualifying
28 child who is properly claimed on the parent's or legal guardian's full-time
29 Idaho resident individual income tax return. The refundable tax credit in
30 this section may be claimed for each qualifying child of the taxpayer. Funds
31 received from a grant under section 33-103, Idaho Code, and other government
32 educational grant programs do not qualify for this credit.

33 (4) The refundable tax credit in this section shall not constitute
34 Idaho taxable income.

35 (5) The state tax commission shall prescribe forms for the purpose of
36 claiming the credit authorized by the Idaho parental choice tax credit.

37 (6) Parents or legal guardians claiming the credit shall:

38 (a) Claim the credit only for a qualifying child;

39 (b) Ensure no other person claims a credit for the eligible student. In
40 the event more than one (1) parent claims a credit under this section for
41 the same eligible student in the same year, the provisions of section
42 63-3029L(2), Idaho Code, shall be used to determine which parent is en-
43 titled to receive the credit;

44 (c) Not claim the credit for any expenses incurred on behalf of a child
45 that was enrolled full or part time in a public school, public charter
46 school, public virtual charter school, public magnet school, or public
47 kindergarten; and

48 (d) Retain receipts and invoices of qualified expenses until the
49 statute of limitations on amending a tax return expires pursuant to the
50 provisions of section 63-3068, Idaho Code, after the filing of a return

1 to substantiate the amounts paid each tax year the credit is claimed and
2 shall submit such receipts and invoices to the state tax commission upon
3 request.

4 (7) If the credit exceeds the tax imposed by this chapter, the excess
5 credit amount shall be refunded to the taxpayer.

6 (8) The total amount of tax credits authorized for all taxpayers un-
7 der this section shall not exceed two hundred and fifty million dollars
8 (\$250,000,000) in any given tax year. In the event claims for tax credits al-
9 lowed by this section exceed that amount in the aggregate, the credits shall
10 be allowed in full to the first returns properly filed, on a first-come,
11 first-served basis, until such amount is reached. Taxpayers who claim the
12 credit on a return filed after such amount is reached shall not receive a
13 credit, and the state shall have no liability to the taxpayer therefor. Each
14 year, the legislature shall review and evaluate whether this annual maximum
15 amount should be increased to address the needs of the program.

16 (9) The state tax commission shall have the authority to conduct audits
17 of receipts and invoices for qualified expenses submitted pursuant to this
18 section to ensure compliance.

19 (10) The state tax commission shall deny or recapture credits claimed
20 by a taxpayer for expenditures not authorized by the provisions of this sec-
21 tion.

22 (11) The state tax commission shall, at least weekly, but as close
23 to real time as practicable, make available on its website the cumulative
24 amount of credits claimed under this section until the annual maximum limit
25 is reached. The state tax commission shall also keep records of the total
26 amount of credits claimed that exceed the annual maximum limit in order to
27 inform the annual evaluation of the program by the legislature.

28 (12) This section does not permit any government agency to exercise con-
29 trol or supervision over any nonpublic school. A nonpublic school that ac-
30 cepts a payment as a result of a refundable tax credit pursuant to this sec-
31 tion is not an agent of the state or federal government. A nonpublic school
32 shall not be required to alter its creed, practices, admissions policy, or
33 curriculum in order to accept students whose payment of tuition or fees stems
34 from a refundable tax credit under this section.

35 (13) This section does not expand the authority of any government agency
36 to exercise control or supervision over any parent or legal guardian, nor
37 does it create any additional obligations for parents or legal guardians.
38 The duties and responsibilities of a parent or legal guardian toward a child
39 and the child's education are not altered or expanded by claiming the refund-
40 able tax credit in this section.

41 SECTION 3. SEVERABILITY. The provisions of this act are hereby declared
42 to be severable and if any provision of this act or the application of such
43 provision to any person or circumstance is declared invalid for any reason,
44 such declaration shall not affect the validity of the remaining portions of
45 this act.

46 SECTION 4. An emergency existing therefor, which emergency is hereby
47 declared to exist, this act shall be in full force and effect on and after its
48 passage and approval, and retroactively to January 1, 2025.