

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 605

BY GANNON

AN ACT

1 RELATING TO TAXATION; AMENDING CHAPTER 30, TITLE 63, IDAHO CODE, BY THE AD-  
2 DITION OF A NEW SECTION 63-3022W, IDAHO CODE, TO PROVIDE FOR SUBTRAC-  
3 TIONS TO IDAHO TAXABLE INCOME FOR QUALIFIED TIPS AND OVERTIME COMPENSA-  
4 TION; AMENDING SECTION 63-3024A, IDAHO CODE, TO REVISE PROVISIONS RE-  
5 GARDING FOOD TAX CREDITS AND REFUNDS; AMENDING SECTION 63-3077G, IDAHO  
6 CODE, TO PROVIDE A CORRECT CODE REFERENCE; AMENDING SECTION 63-3077H,  
7 IDAHO CODE, TO PROVIDE A CORRECT CODE REFERENCE; AND DECLARING AN EMER-  
8 GENCY AND PROVIDING RETROACTIVE APPLICATION.  
9

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

11 SECTION 1. That Chapter 30, 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 63-3022W, Idaho Code, and to read as follows:

14 63-3022W. QUALIFIED TIPS AND OVERTIME COMPENSATION. (1) For taxable  
15 years beginning on or after January 1, 2026, and before January 1, 2029, in  
16 computing Idaho taxable income, there shall be subtracted from federal ad-  
17 justed gross income:

18 (a) The amount of qualified tips, as defined in section 224 of the In-  
19 ternal Revenue Code as added by P.L. 119-21, received by the taxpayer  
20 during the taxable year, subject to the limitations, phase-outs, and  
21 other provisions provided in such section; and

22 (b) The premium portion of qualified overtime compensation, as defined  
23 in section 225 of the Internal Revenue Code as added by P.L. 119-21, re-  
24 ceived by the taxpayer during the taxable year, subject to the limita-  
25 tions, phase-outs, and other provisions provided in such section.

26 (2) The state tax commission may prescribe rules, subject to legisla-  
27 tive approval, as necessary to implement the provisions of this section.

28 SECTION 2. That Section 63-3024A, Idaho Code, be, and the same is hereby  
29 amended to read as follows:

30 63-3024A. FOOD TAX CREDITS AND REFUNDS. (1) Any resident individual  
31 who is required to file and who has filed an Idaho income tax return shall  
32 be allowed a credit against taxes due under the Idaho income tax act for the  
33 taxpayer, the taxpayer's spouse, and each dependent, as defined in section  
34 152 of the Internal Revenue Code, claimed on the taxpayer's Idaho income tax  
35 return and awarded by the court under section 32-706, Idaho Code, if appli-  
36 cable. For tax year 2022, the credit is one hundred dollars (\$100). For tax  
37 years 2023 and 2024, the credit is one hundred twenty dollars (\$120). For  
38 tax year 2025 and each year thereafter, the credit is one hundred fifty-five  
39 dollars (\$155). If taxes due are less than the total credit allowed, the tax-  
40 payer shall be paid a refund equal to the balance of the unused credit.

1 (2) A resident individual who is not required to file an Idaho income  
2 tax return and for whom no credit or refund is allowed under any other subsec-  
3 tion of this section shall, subject to the limitations of subsections ~~(3),~~  
4 (4), (5), (6), ~~and (7),~~ and (8) of this section, be entitled to a refund in the  
5 amount provided in subsection (1) of this section.

6 (3) A resident individual who has reached sixty-five (65) years of age  
7 before the end of the taxable year and who has claimed the credit available  
8 under subsection (1) of this section, in addition to the amount of credit or  
9 refund due under subsection (1) of this section, shall be entitled to fifty  
10 dollars (\$50.00), which shall be claimed as a credit against any taxes due  
11 under the Idaho income tax act. If taxes due are less than the total credit  
12 allowed, the individual shall be paid a refund equal to the balance of the  
13 unused credit.

14 ~~(3)~~ (4) Except as provided in subsection ~~(8)~~ (9) of this section, a  
15 credit or refund under this section is available only if the individual for  
16 whom a personal exemption is claimed is a resident of the state of Idaho.

17 ~~(4)~~ (5) In no event shall more than one (1) taxpayer be allowed a credit  
18 or refund for the same personal exemption or under more than one (1) subsec-  
19 tion of this section.

20 ~~(5)~~ (6) In the event that a credit or refund is attributable to any indi-  
21 vidual for whom assistance under the federal food stamp program was received  
22 for any month or part of a month during the taxable year for which the credit  
23 or refund is claimed, the credit or refund allowed under this section shall  
24 be in proportion to the number of months of the year in which no assistance  
25 was received.

26 ~~(6)~~ (7) In the event that a credit or refund is attributable to any indi-  
27 vidual who has been incarcerated for any month or part of a month during the  
28 taxable year for which the credit or refund is claimed, the credit or refund  
29 allowed under this section shall be in proportion to the number of months of  
30 the year in which the individual was not incarcerated.

31 ~~(7)~~ (8) No credit or refund shall be paid that is attributable to an in-  
32 dividual residing illegally in the United States.

33 ~~(8)~~ (9) Any part-year resident entitled to a credit under this section  
34 shall receive a proportionate credit reflecting the part of the year in which  
35 he was domiciled in this state.

36 ~~(9)~~ (10) In lieu of the flat tax credit amounts provided in subsection  
37 (1) of this section, a resident taxpayer may elect for the taxpayer, the tax-  
38 payer's spouse, and each dependent, as defined in section 152 of the Internal  
39 Revenue Code, claimed on such taxpayer's Idaho income tax return, the actual  
40 amount of sales tax paid by such persons on food purchases that took place  
41 in Idaho during the taxable year, up to a maximum of two hundred fifty dol-  
42 lars (\$250) per person. To make this election, the taxpayer shall indicate  
43 this choice on the taxpayer's tax return or application and submit scanned  
44 copies of sales tax receipts of qualifying food purchases along with the tax  
45 return or application. If taxes due are less than the total credit allowed,  
46 the taxpayer shall be paid a refund equal to the balance of the unused credit.  
47 The provisions of section 63-3042A, Idaho Code, shall not apply to the credit  
48 provided in this section. If a taxpayer meets the qualifications under the  
49 provisions of subsection ~~(5)~~ (6) of this section, such taxpayer shall not be  
50 eligible for the credit under this subsection. If a taxpayer misrepresents

1 the amount of sales tax paid on food purchases on such taxpayer's tax return  
 2 or application, the amounts that were improperly claimed shall be subject  
 3 to recovery by the state tax commission pursuant to section 63-3045, Idaho  
 4 Code, and the taxpayer shall be subject to the penalties provided in sections  
 5 63-3046 and 63-3075(b), Idaho Code.

6 (a) For the purposes of this subsection, "food" means the sale of food  
 7 sold for human consumption and shall have the same definition as pro-  
 8 vided in 7 U.S.C. 2012 as that section existed on January 1, 2025. The  
 9 types and kinds of food products on which sales tax qualifies as credit  
 10 by this section shall be the same types and kinds of food products that  
 11 are eligible for purchase with benefits provided under the federal sup-  
 12 plemental nutrition assistance program and shall not include candy,  
 13 soda, restaurant sales of food, food sold in a heated state or heated by  
 14 a retail seller, two (2) or more food ingredients mixed or combined by a  
 15 retail seller for a single sale, or food sold with an eating utensil pro-  
 16 vided by the retail seller such as a plate, knife, fork, spoon, glass,  
 17 cup, napkin, or straw.

18 (b) For the purposes of paragraph (a) of this subsection:

19 (i) "Candy" means a preparation of sugar, honey, or other natural  
 20 or artificial sweeteners combined with chocolate, fruits, nuts,  
 21 or other ingredients or flavorings in the form of confections,  
 22 bars, drops, or pieces. "Candy" does not include any item that  
 23 contains more than ten percent (10%) flour by weight or requires  
 24 refrigeration.

25 (ii) "Soda" means any nonalcoholic beverage that contains natural  
 26 or artificial sweeteners. "Soda" does not include beverages that  
 27 contain milk or milk substitutes, greater than fifty percent (50%)  
 28 of vegetable or fruit juice by volume, or that require preparation  
 29 before consumption, such as powders or concentrates.

30 ~~(10)~~ (11) Any refund shall be paid to such individual only upon his  
 31 making application therefor, at such time and in such manner as may be  
 32 prescribed by the state tax commission. The state tax commission shall  
 33 prescribe the method by which the refund is to be made to the taxpayer. The  
 34 refunds authorized by this section shall be paid from the state refund fund  
 35 in the same manner as the refunds authorized by section 63-3067, Idaho Code.

36 ~~(11)~~ (12) An application for any refund that is due and payable under the  
 37 provisions of this section must be filed with the state tax commission within  
 38 three (3) years of:

39 (a) The due date, including extensions, of the return required under  
 40 section 63-3030, Idaho Code, if the applicant is required to file a re-  
 41 turn; or

42 (b) The fifteenth day of April of the year following the year to which  
 43 the application relates, if the applicant is not required to file a re-  
 44 turn.

45 ~~(12)~~ (13) The state tax commission shall provide income tax payers with  
 46 the irrevocable option of donating credited funds accruing pursuant to this  
 47 section. Any funds so donated shall be remitted from the refund fund to the  
 48 cooperative welfare fund, created pursuant to section 56-401, Idaho Code,  
 49 and shall be used solely for the purpose of providing low-income Idahoans  
 50 with assistance in paying home energy costs.

1 SECTION 3. That Section 63-3077G, Idaho Code, be, and the same is hereby  
2 amended to read as follows:

3 63-3077G. AGREEMENT FOR EXCHANGE OF INFORMATION WITH THE IDAHO DE-  
4 PARTMENT OF CORRECTION. The state tax commission and the Idaho department of  
5 correction shall enter into a written agreement for exchange of information  
6 relating to an individual's incarceration status and whether that indi-  
7 vidual has claimed the Idaho food tax credit pursuant to section 63-3024A,  
8 Idaho Code. Such information shall be confidential to the recipient and may  
9 be used by the Idaho department of correction and the state tax commission  
10 only for purposes of determining whether an incarcerated person erroneously  
11 claimed the food tax credit in violation of section ~~63-3024A(6)~~ 63-3024A(7),  
12 Idaho Code. No such information shall be public unless it is used in the  
13 course of a judicial proceeding arising under the laws of this state. The  
14 information provided by the state tax commission shall be limited to name,  
15 date of birth, social security number, an indication as to whether the food  
16 tax credit was claimed under that person's name or social security number for  
17 a particular taxable year and incarceration status during the year at issue.

18 SECTION 4. That Section 63-3077H, Idaho Code, be, and the same is hereby  
19 amended to read as follows:

20 63-3077H. AGREEMENT FOR EXCHANGE OF INFORMATION WITH THE IDAHO DE-  
21 PARTMENT OF HEALTH AND WELFARE. The state tax commission and the Idaho  
22 department of health and welfare shall enter into a written agreement for  
23 exchange of information relating to an individual's receipt of federal food  
24 stamp benefits and whether that individual has claimed the Idaho food tax  
25 credit pursuant to section 63-3024A, Idaho Code. Such information shall  
26 be confidential to the recipient and may be used by the Idaho department of  
27 health and welfare and the state tax commission only for purposes of de-  
28 termining whether a person who was receiving federal food stamp benefits  
29 erroneously claimed the food tax credit in violation of section ~~63-3024A(5)~~  
30 63-3024A(6), Idaho Code. No such information shall be public unless it is  
31 used in the course of a judicial proceeding arising under the laws of this  
32 state. Any information disclosed by the Idaho department of health and  
33 welfare pursuant to the provisions of this section must be disclosed in  
34 compliance with the privacy act of 1974, 5 U.S.C. 552a, applicable federal  
35 law or regulations regarding public assistance programs and any applicable  
36 state law or regulation.

37 SECTION 5. An emergency existing therefor, which emergency is hereby  
38 declared to exist, this act shall be in full force and effect on and after its  
39 passage and approval, and retroactively to January 1, 2026.