

STATEMENT OF PURPOSE

RS33234 / H0605

This legislation brings tax relief to those who are struggling in our Idaho economy. This includes adopting the new federal tips credit and the overtime deduction. The recent federal tax bill, HR 1, provided a \$6000 deduction for seniors, which helps reduce federal social security taxes they pay. However, Idaho income tax laws do not tax social security so well over half seniors will see no tax relief on their state tax return. Instead, this legislation adds a senior \$50 grocery tax credit so that all seniors receive some benefit. The \$50 increase combined with the \$155 present credit, will offset grocery taxes paid by seniors just as a complete repeal of the grocery tax would do.

FISCAL NOTE

The total fiscal impact of these three changes is \$85 million calculated, taking into consideration the Tax Foundation and the low and high of the Tax Commission projections. Tips: Tax: Foundation \$10.7 Million, Idaho Tax Commission \$14 to \$22 Million, Estimated Average \$16 Million. Overtime: Tax Foundation \$78.7 Million, Idaho Tax Commission \$36 to \$73 Million, Estimated Average \$55 Million. Grocery Tax Credit increase for Seniors: Individuals claiming increase in 2023 280,000 and cost of this increase based on that \$14 Million.

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DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).