

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 934

BY WAYS AND MEANS COMMITTEE

AN ACT

1 RELATING TO TAXATION; AMENDING SECTION 63-3029N, IDAHO CODE, TO REVISE
2 PROVISIONS REGARDING THE IDAHO PARENTAL CHOICE TAX CREDIT; REPEALING
3 SECTION 67-1230, IDAHO CODE, RELATING TO THE IDAHO PARENTAL CHOICE TAX
4 CREDIT ADVANCE PAYMENT FUND; AND DECLARING AN EMERGENCY AND PROVIDING
5 RETROACTIVE APPLICATION.
6

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

8 SECTION 1. That Section 63-3029N, Idaho Code, be, and the same is hereby
9 amended to read as follows:

10 63-3029N. IDAHO PARENTAL CHOICE TAX CREDIT. (1) There is hereby estab-
11 lished the Idaho parental choice tax credit.

12 (2) For the purpose of this section:

13 (a) "Academic instruction" means kindergarten through grade 12 in-
14 struction that includes, at a minimum, English language arts, mathemat-
15 ics, science, and social studies.

16 (b) "Eligible student" means:

17 (i) A full-time resident of Idaho who is five (5) to eighteen (18)
18 years of age at any time within the tax year; or

19 (ii) A child with disabilities requiring ancillary personnel as
20 defined in section 33-2001, Idaho Code, who is five (5) to twenty-
21 one (21) years of age at any time within the tax year.

22 (c) "Federal poverty level" means the federal poverty guidelines pub-
23 lished and updated annually by the United States department of health
24 and human services.

25 (d) "Nonpublic school" means a private school, microschool, or learn-
26 ing pod that provides academic instruction to eligible students, which
27 academic instruction may be provided in person, online, virtually, or
28 through any combination thereof, and such academic instruction is:

29 (i) Provided by an accredited school; or

30 (ii) Documented in a portfolio of evidence or learning record that
31 indicates the student's growth. Records of the instruction shall
32 be retained sufficient to establish that the instruction meets
33 the requirements of paragraph (a) of this subsection and shall be
34 available in the case of any audit by the state tax commission.

35 (e) "Parent" means an eligible student's parent, legal guardian, or
36 foster parent, if such foster parent is licensed and in good standing
37 pursuant to chapter 12, title 39, Idaho Code.

38 (f) "Qualified expenses" means kindergarten through grade 12 tu-
39 tion or fees for attending a nonpublic school, tutoring of academic
40 instruction, nationally standardized assessments, assessments used
41 to determine college admission, advance placement examinations, in-
42 dustry-recognized certification exams, and preparatory courses for

1 nationally standardized assessments. "Qualified expenses" also means
2 costs for textbooks, curricula ~~used for~~ provided by one (1) or more
3 vendors as long as the total curriculum provided to the eligible stu-
4 dent and claimed for the credit encompasses no more than kindergarten
5 through grade 12 academic instruction, and transportation costs to and
6 from a facility incurred for the purposes of receiving kindergarten
7 through grade 12 academic instruction, including public transporta-
8 tion, ridesharing, and the use of privately owned vehicles, for which
9 reimbursement shall use the mileage rate applicable to state employee
10 travel in effect at the time the travel occurs. "Qualified expenses"
11 shall not include expenses paid with funds received from a grant under
12 section 33-1031, Idaho Code, or any reimbursement pursuant to section
13 33-4603, Idaho Code.

14 (3) The Idaho parental choice tax credit shall be administered as pro-
15 vided in this section. For tax year 2025 and subsequent tax years, there
16 shall be allowed a refundable tax credit up to five thousand dollars (\$5,000)
17 per eligible student against the tax imposed by this chapter for any parent:

18 (a) Who incurs qualified expenses of up to five thousand dollars
19 (\$5,000) per eligible student during the tax year, if each eligible
20 student is a dependent and is properly claimed on the parent's full-time
21 Idaho resident individual income tax return; and

22 (b) Who timely and properly files an application.

23 (4) The state tax commission shall prescribe forms for the purpose of
24 applying for and claiming the credit authorized by this section. The forms
25 shall identify the civil and criminal penalties provided in sections 63-3046
26 and 63-3075, Idaho Code, for providing false and fraudulent tax information
27 and shall require the parents to affirm under oath that the information sub-
28 mitted in the form is true and accurate. The forms shall also require any
29 parent who has previously received a credit authorized by this section to
30 certify and attach evidence that the parent completed the satisfaction and
31 engagement survey required under subsection (14) of this section. Begin-
32 ning in January 2026, and each year thereafter, the application period shall
33 open on January 15 and shall remain open for a period of sixty (60) days. The
34 state tax commission shall notify parents whether they will receive a credit
35 award. Such notification must be within thirty (30) days of the close of the
36 application period.

37 (5) The state tax commission shall calculate the total amount of cred-
38 its claimed in completed applications that qualify under subsection (3) of
39 this section. If the total amount does not exceed the annual maximum limit
40 provided in subsection (12) of this section, the state tax commission shall
41 re-open the application period to receive new applications. Such applica-
42 tions shall be accepted until August 15 or until the annual maximum limit is
43 reached, whichever is first.

44 (6) Credits shall be issued on a yearly basis. For applications re-
45 ceived in 2026, the state tax commission shall give priority to parents whose
46 modified adjusted gross income as indicated on their most recently filed tax
47 return does not exceed three hundred percent (300%) of the federal poverty
48 level. Starting in the 2027 application period, the state tax commission
49 shall give priority status to applications from parents who received a
50 credit in the prior year, followed by parents whose taxable income as indi-

1 cated on their most recently filed tax return does not exceed three hundred
2 percent (300%) of the federal poverty level.

3 (7) The refundable tax credit limit under subsection (3) of this sec-
4 tion shall be increased to seven thousand five hundred dollars (\$7,500) for
5 each eligible student up to twenty-one (21) years of age who is also con-
6 sidered a child with disabilities requiring ancillary personnel as defined
7 in section 33-2001, Idaho Code. Parents claiming an increased credit under
8 this subsection shall document the student's diagnosis or other determina-
9 tion made by an Idaho licensed health care provider or the student's eligi-
10 bility for services under an individualized education program in accordance
11 with the federal individuals with disabilities education act.

12 (8) The refundable tax credit provided in this section, including the
13 advance payment, shall not constitute Idaho taxable income.

14 (9) The application forms pursuant to subsection (4) of this section
15 shall permit parents to elect a onetime advance payment of the credit for
16 each eligible student if a tax credit pursuant to this section has not been
17 claimed in the previous year. When a parent elects to receive an advance pay-
18 ment pursuant to this subsection, the credit shall be issued in one (1) in-
19 stallment, to be paid within sixty (60) days of notifying a parent of such
20 credit award but not later than August 30. The state tax commission shall
21 approve advance payments only for eligible students whose parents' modified
22 adjusted gross income as indicated on their most recently filed tax return
23 does not exceed three hundred percent (300%) of the federal poverty level.
24 Advance payments made under this subsection may be spent only on qualified
25 expenses for which the parent may claim a credit under the provisions of this
26 section. In order to enable parents whose modified adjusted gross income
27 does not exceed three hundred percent (300%) of the federal poverty level to
28 pay for a student's education, an advance payment that is expended on quali-
29 fied expenses for an eligible student may be claimed for such expenditure in
30 that year and a parental choice tax credit shall be allowed on a parent's tax
31 return for that year, subject to the remaining requirements of this chapter.
32 Notwithstanding any other provisions of law to the contrary, the state re-
33 fund account pursuant to section 63-3067, Idaho Code, shall be used for the
34 payment of advance payments of the tax credit pursuant to this subsection,
35 and the provisions of section 63-3068, Idaho Code, shall apply to the advance
36 payment of the tax credit issued pursuant to this subsection.

37 (10) Parents claiming the Idaho parental choice tax credit shall:

38 (a) Claim the credit for only qualified expenses incurred on behalf of
39 an eligible student;

40 (b) Not claim the credit for any semester in which a student was
41 enrolled full-time or part-time in a public school, public char-
42 ter school, public virtual charter school, public magnet school, or
43 part-time public kindergarten. A student participating in activities
44 or instruction for which no academic credit is awarded, participating
45 in public school sports or other extracurricular activities, transfer-
46 ring to and from nonpublic schools during the tax year, home schooling,
47 or purchasing and taking Idaho digital learning academy (IDLA) courses
48 that are offered for a fee and are not included in IDLA enrollment fund-
49 ing by the state pursuant to section 33-1020, Idaho Code, shall not be
50 considered so enrolled pursuant to the provisions of this paragraph.

1 (c) Not claim the credit for any tuition or fees related to academic in-
2 struction provided by the parent to such parent's eligible student;

3 (d) Ensure no other parent claims a credit for an eligible student. In
4 the event more than one (1) parent claims a credit under this section for
5 the same eligible student in the same year, the provisions of section
6 63-3029L(2), Idaho Code, shall be used to determine which parent is en-
7 titled to receive the credit; and

8 (e) Fill out and submit the satisfaction and engagement survey provided
9 for in subsection (14) of this section. No parent shall be eligible to
10 receive a credit under the provisions of this section in a subsequent
11 year if such parent has not submitted such survey for the last year that
12 such parent received the credit.

13 (11) If the credit exceeds the tax imposed by this chapter, the excess
14 credit amount shall be refunded to the taxpayer. The state tax commission
15 shall design the tax return forms to account for advance payment of the
16 credit when calculating the tax imposed by this chapter.

17 (12) The total amount of tax credits authorized for all taxpayers under
18 this section shall not exceed fifty million dollars (\$50,000,000) each tax
19 year. In the event the total amount of claims for tax credits allowed by this
20 section exceeds fifty million dollars (\$50,000,000), the credits shall be
21 allowed in full to parents whose applications were properly and timely filed
22 and who have priority status under subsection (6) of this section, followed
23 by the remaining parents who filed complete applications on a first-come,
24 first-served basis, until the annual maximum limit is reached. The state tax
25 commission shall create and maintain a waiting list demonstrating who would
26 be eligible on a first-come, first-served basis if the annual maximum limit
27 for credits allowed under this section is increased.

28 (13)(a) Beginning with the first regular session of the sixty-ninth
29 Idaho legislature in 2027, the state tax commission shall provide an
30 annual report to the governor, the senate local government and taxation
31 committee, the house revenue and taxation committee, and the joint fi-
32 nance-appropriations committee that shall include:

33 (i) The total amount of tax credits provided each year under this
34 section;

35 (ii) The number of parents who applied each year for the Idaho
36 parental choice tax credit;

37 (iii) The amount of the average tax credit allowed;

38 (iv) The number of credits distributed to parents with an adjusted
39 gross income below three hundred percent (300%) of the federal
40 poverty level;

41 (v) The number of parents who applied each year for the advance
42 payment pursuant to subsection (9) of this section, the number of
43 advance payments awarded, and the median amount of the advance
44 payments awarded;

45 (vi) The geographic area of parents applying for the credit;

46 (vii) The number of eligible students on the waiting list for each
47 year; and

48 (viii) A list of the categories of qualified expenses for which
49 recipients used the tax credit, which shall include the dollar

1 amounts for each category listed in subsection (2) (f) of this sec-
2 tion.

3 (b) The report shall not include any personally identifying informa-
4 tion of eligible students, their parents, or their households.

5 (14) Beginning in 2026, and each year thereafter, the legislative ser-
6 vices office shall deliver to each parent who has received a tax credit under
7 the provisions of this section a parent satisfaction and engagement survey
8 to evaluate the performance of the nonpublic school that the eligible stu-
9 dent attended. The survey shall include but not be limited to the quality of
10 school leadership, school safety, student engagement, quality of academic
11 instruction, and quality of learning outcomes. The state tax commission
12 shall provide the legislative services office with contact information to
13 identify each parent receiving a credit and any other information required
14 for the legislative services office to properly deliver the surveys required
15 under this subsection, and shall deliver the surveys to the parents no later
16 than January 15 each year. Each parent shall complete the survey and submit
17 the completed survey to the legislative services office no later than March
18 15. Beginning in 2027, the legislative services office shall submit a report
19 to the governor, the senate local government and taxation committee, the
20 house revenue and taxation committee, and the joint finance-appropriations
21 committee that shall include a summary of the survey results.

22 (15) Any taxpayer receiving an advance payment or claiming a tax credit
23 without submission of a timely and properly prescribed form shall be ineli-
24 gible to receive such payment or claim such credit. The state tax commission
25 shall deny or recapture credits claimed by a parent for expenditures not au-
26 thorized by the provisions of this section. If a parent has received an ad-
27 vance payment for an eligible student in a previous year, the parent shall
28 not claim the credit for qualified expenses incurred in a year that a stu-
29 dent ceases to qualify as an eligible student, except for any portion of the
30 credit that exceeds the amount of the advance payment received. If a student
31 ceases to qualify as an eligible student and the parent has already received
32 the credit for that year, an amount of the credit, not exceeding the amount
33 of the advance payment received, shall be repaid to or recovered by the state
34 tax commission and deposited into the general fund.

35 (16) Parents who claim the credit on a tax return without receiving
36 prior approval of an application may not receive a credit, and the state
37 shall have no liability to such parent.

38 (17) The state tax commission shall, in as close to real time as practi-
39 cable, make available on its website the annual maximum limit, the cumula-
40 tive amount of credits claimed in applications under this section, and the
41 cumulative amount of advance payments issued under this section until the
42 annual maximum limit is reached.

43 (18) The state tax commission shall also keep records of the total ap-
44 plications for credits and total claim of credits that exceed the annual max-
45 imum limit.

46 (19) The state tax commission shall ensure that parents of eligible
47 students receive notice in the application that participation in the program
48 is a parental placement under 20 U.S.C. 1412 of the federal individuals with
49 disabilities education act, along with an explanation of the rights that
50 parentally placed students possess under the federal individuals with dis-

1 abilities education act, including eligibility for equitable services, and
2 any applicable state laws and regulations.

3 (20) The provisions of this section shall not be construed to permit
4 any government agency to exercise control or supervision over any nonpublic
5 school or to give the state authority to regulate the education of nonpublic
6 school students. A nonpublic school that enrolls a student whose parent
7 directs a refundable tax credit to the school pursuant to this section is not
8 an agent of the state or federal government. A nonpublic school shall not
9 be required to alter its creed, practices, admissions policy, or curriculum
10 in order to accept students whose payment of tuition or fees stems from a
11 refundable tax credit under this section.

12 SECTION 2. That Section [67-1230](#), Idaho Code, be, and the same is hereby
13 repealed.

14 SECTION 3. An emergency existing therefor, which emergency is hereby
15 declared to exist, this act shall be in full force and effect on and after its
16 passage and approval, and retroactively to January 1, 2026.