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IDAHO STANDS ALONE IN DENYING GROCERY TAX CREDIT TO THOSE WHO NEED IT MOST

With a slowing economy increasing the threat of hunger for many Idaho families, lawmakers should extend the state's grocery tax credit to those who need it the most, according to a new report from the Washington, DC-based Center on Budget and Policy Priorities.

Such action would undo a dubious distinction that Idaho now holds. Idaho is one of just seven states that tax groceries at the same rate as other goods. Like four of those states, Idaho offers a credit or rebate to help offset the tax. Idaho's credit is worth \$20 per person, or \$35 per person for people age 65 and older. But Idaho is the *only* state that denies the credit to many low-income households — the ones least able to afford food for their families.

“For the many Idaho families that are barely getting by, even a small credit like this can provide real help,” said Gayle Woods, Chair of the Idaho Interfaith Roundtable Against Hunger. “It makes no sense to leave these families out.”

Low-income families in Idaho pay a larger share of their income in grocery taxes than higher-income families do. Yet people whose incomes are too low for them to have to file an Idaho income tax return are ineligible for the credit. In 2007, this meant that with a few exceptions, married couples with incomes below \$17,500 and single people with incomes below \$8,750 were ineligible for the credit. Most of the excluded families are working families.

Among the other states with these kinds of credits, some give *larger* credits to lower-income households to reflect the larger burden that food taxes place on them, noted Nick Johnson, director of the Center's State Fiscal Project and co-author of the report. “At the very least, Idaho lawmakers should make low-income households eligible for the same credit that all other Idahoans — including millionaires — receive,” he added.

The Center's report, “Idaho Is the Only State to Exclude Low-Income Families from Its Grocery Tax Credit,” is available at <http://www.cbpp.org/2-28-08sfp.htm>.

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The Center on Budget and Policy Priorities is a nonprofit, nonpartisan research organization and policy institute that conducts research and analysis on a range of government policies and programs. It is supported primarily by foundation grants.

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