RESOLUTION IN SUPPORT OF ENDING THE SALES TAX ON FOOD IN IDAHO

WHEREAS, food is a basic necessity, and Idaho families must purchase groceries regardless of their income or economic circumstances; and

WHEREAS, Idaho is one of only four states that applies its standard sales tax rate on food; and

WHEREAS, Idaho families continue to face elevated grocery costs following several years of significant price increases, placing particular pressure on working families, seniors, and households living on fixed or modest incomes; and

WHEREAS, there is no clear end in sight to the elevated cost of living, and continued uncertainty regarding inflation and food prices makes it increasingly difficult for Idaho families to maintain household budgets; and

WHEREAS, Idaho currently imposes a 6 percent sales tax on taxable retail sales, including groceries, while the income tax is only 5.3 percent on corporate profits and the households with the highest incomes in the state, and

WHEREAS, while the existing grocery tax credit provides meaningful assistance to eligible Idaho taxpayers, it is fundamentally different from eliminating the grocery sales tax itself; and

WHEREAS, a tax credit generally requires households to qualify, file a tax return, and wait to receive the benefit, meaning that families must first pay the tax on groceries before receiving any offsetting relief; and

WHEREAS, eliminating the sales tax on groceries would provide relief immediately and directly at the point of purchase, lowering the amount families must pay when they buy food rather than requiring them to recover some of that expense later; and

WHEREAS, eliminating the grocery sales tax would make the relief automatic, visible, and predictable, rather than requiring families to understand, claim, and wait for a separate tax benefit; and

WHEREAS, a point-of-sale exemption would provide relief throughout the year, including during periods when families are experiencing particularly high grocery bills, rather than concentrating the benefit in a subsequent tax filing or refund; and

WHEREAS, eliminating the tax would also remove the administrative complexity associated with determining eligibility for and claiming a separate grocery tax credit, making the tax system easier for Idaho families to understand; and

WHEREAS, the distinction is especially important for working families living paycheck to paycheck, for whom the ability to keep money in the household budget when groceries are purchased can be more valuable than receiving a corresponding benefit months later; and

WHEREAS, eliminating the grocery sales tax would therefore provide a simpler and more direct form of tax relief while preserving the principle that essential food should not be taxed as a source of state revenue; and

WHEREAS, eliminating the grocery sales tax would reduce state revenues and therefore requires a responsible and sustainable plan to replace the resulting revenue so that essential public services are not unnecessarily harmed; and

WHEREAS, any revenue replacement should be designed to avoid shifting the burden onto working families through higher sales, property, or other consumption-based taxes that can place a greater relative burden on lower- and middle-income households; and

WHEREAS, the Idaho Center for Fiscal Policy's November 2025 report, *2025 Update: Idaho's String of Income Tax Cuts Continues to Jeopardize Investments in Public Services*, documents that Idaho's five rounds of income-tax cuts since 2021 have substantially reduced state revenue and have disproportionately benefited higher-income households, while lower income households in Idaho have seen their tax responsibility rise; and

WHEREAS, according to that report's analysis, the five rounds of income-tax cuts reduced annual individual income-tax collections by approximately $983 million and annual corporate income-tax collections by approximately $289 million, for an estimated $1.3 billion in annual revenue reduction; and

WHEREAS, the same report finds that households in the top 20 percent of incomes—those earning approximately $146,000 or more—receive 66 percent of the overall benefits from those income-tax cuts, while the average tax reduction was estimated at approximately $20,407 for households in the top one percent, compared with approximately $453 for households earning the median income and the lowest 20 percent see an average benefit of $33; and

WHEREAS, restoring a portion of the revenue forgone through recent income-tax reductions, particularly from provisions that disproportionately benefited the highest-income households, should be considered among the options for responsibly replacing revenue lost through the elimination of the grocery sales tax; and

WHEREAS, Idaho's tax system should provide meaningful relief for families struggling with the cost of necessities while maintaining adequate and sustainable resources for public education, infrastructure, public safety, health, and other essential public services; and

NOW, THEREFORE, BE IT RESOLVED, that the Idaho Democratic Party supports eliminating Idaho's sales tax on groceries and urges the Idaho Legislature to pursue legislation accomplishing that goal; and

BE IT FURTHER RESOLVED, that any legislation eliminating the sales tax on groceries should include a responsible plan for replacing the resulting state revenue without imposing additional burdens on working families, low-income households, or other households least able to absorb higher taxes; and

BE IT FURTHER RESOLVED, that policymakers should consider reversing or modifying portions of recent income-tax reductions that disproportionately benefited households at the highest end of the income spectrum as one potential means of replacing revenue lost through the elimination of the grocery sales tax; and

BE IT FURTHER RESOLVED, that revenue policy should prioritize broad-based affordability for Idaho families while maintaining the state's capacity to fund essential public services.