IDAPA *35* – STATE TAX COMMISSION

35.01.01 - RULES GOVERNING IDAHO INCOME TAX RULES

DOCKET NO. 35-0101-2601

NOTICE OF RULEMAKING - PROPOSED RULE

PUBLIC HEARING SCHEDULE: Public hearing(s) concerning this rulemaking will be held as follows:

Thursday, September 10, 2026 ***10:00 AM (MT)***
In Person: ***Coral Conference Room*** ***Idaho State Tax Commission*** ***11321 W. Chinden Blvd., Bldg. 2 Boise, ID 83714-1021*** ***Join from the meeting link*** ***https://idahogov.webex.com/idahogov/j.php?MTID=m6e173f95ef714988fa710a5adf2a663a*** ***Meeting number: 2867 435 4563*** ***Meeting password: q8TBkQiuB83*** ***Join by phone:*** ***+1-415-655-0001 US Toll*** ***Meeting number: 2867 435 4563***

DESCRIPTIVE SUMMARY: The following is a nontechnical explanation of the substance and purpose of the proposed rulemaking:

The State Tax Commission will perform a critical review of changes to statutes and existing rules chapter. We will rewrite sections of this chapter by standard rulemaking and contemplate the following:

- Rule 799 (Child Tax Credit): Eliminates the Idaho Child Tax Credit in its entirety. The credit sunset on December 31, 2025, pursuant to Idaho Code § 63-3029L.
- Rule 771 (Grocery Credit): Renames the Grocery Credit program as the Food Tax Credit. Removes the additional $20 resident credit previously granted to individuals age 65 or older, standardizing the benefit as provided in House Bill 605.
- Rule 252 (Income Adjustments): This inserts two new deductions, “Enhanced Deduction for Seniors” and “Qualified Passenger Loan Interest Deduction.” These changes align Idaho’s income-adjustment provisions with the federal definitions and requirements incorporated under House Bill 559 (The One Big Beautiful Bill Act).
- Rule 895 (Limitation of Assessment): Removes outdated language concerning Federal Determinations. Revises the assessment timeline so that the statutory period begins on the date of the IRS determination, removing the requirement for taxpayers to mail a physical copy to the Idaho State Tax Commission, consistent with House Bill 733.

NEGOTIATED RULEMAKING: Pursuant to Section 67-5220(1), Idaho Code, negotiated rulemaking was conducted. The Notice of Intent to Promulgate Rules - Negotiated Rulemaking was published in ***July 1, 2026, Bulletin 35-0101-2601, Idaho Administrative Bulletin, Vol. 26-7, page 87***.

ASSISTANCE ON TECHNICAL QUESTIONS, SUBMISSION OF WRITTEN COMMENTS: For assistance on technical questions concerning the proposed rule, contact Trisha Thomas at trisha.thomas@tax.idaho.gov or (208) 332-6691.

Anyone may submit written comments regarding this proposed rulemaking. All written comments must be directed to the undersigned and must be delivered on or before ***October 2, 2026***.

DATED May 29, 2026

Philip Johnson, Tax Research Specialist/Rules Officer
Idaho State Tax Commission
11321 W. Chinden Blvd., Bldg. 2, Boise ID 83714
PO Box 36. Boise ID 83722-0036
philip.Johnson@tax.idaho.gov
(208) 334-7505