



GTC Reality Check: Five Cracks in the Grocery Tax Credit

The latest study¹ from the Idaho Interfaith Roundtable Against Hunger (IIRAH) shows how some families that are at highest risk for food insecurity are contributing to the state's General Fund through their purchase of groceries in excess of the amount which the Grocery Tax Credit (GTC) offsets. The GTC is not working for many families.

WHY NOT? BECAUSE THE GTC IS . . .

1. Restricted

For months in which an individual received SNAP benefits, was incarcerated, or was out of state, that person is ineligible for the GTC. Last July, 165,679 Idaho residents - about one out of ten - did not qualify due to SNAP benefits,² yet SNAP assumes that a family will spend 30% of their own (adjusted) income each month for groceries, paying sales tax at checkout, with SNAP making up the difference between that and the Thrifty Food Plan.

2. Not a true refund

GTC is a flat rate. Historically the legislature has adopted the view that it should be considered a refund of sales tax paid on food, but no effort is made to match the credit to the amount of sales tax actually paid, which increases with the rising cost of food.

3. Not tied to Nutrition standards

As a matter of policy, USDA offers *My Plate* and other guidelines for a nutritious diet. Raising healthy children requires more than just filling their stomachs. A nutritious diet is vital for optimal learning and to reduce the incidence of obesity and its related health problems. The weekly cost of the *My Plate Thrifty Meal Plan* exceeds the weekly return from the GTC for some families.³ Waiting 365 days to receive a refund is unrealistic for a family struggling to put food on the table.

4. Declining in value

- a) The GTC is not indexed to inflation, and incremental increases topped out in 2016.
- b) Federal budget tightening may reduce SNAP benefits and restrict eligibility, leading to higher out of pocket grocery costs and thus more sales tax paid.

5. Not automatic

Some eligible persons leave money on the table because residents must apply for the credit, either on their income tax return or with a separate application. They may also be among the estimated 17% of Idahoans who are eligible for SNAP benefits but don't participate.⁴ Neither state nor federal agencies attempt to count this group, but they can be met at free dinners and food pantries.

¹ Idaho Interfaith Roundtable Against Hunger. <https://iirah.org>

² *SNAP By County, July 2017*. Idaho Department of Health and Welfare. <http://healthandwelfare.idaho.gov/Portals/0/FoodCashAssistance/FoodStamps/SNAPByCounty.pdf>

³ USDA, Center for Nutrition Policy and Promotion, Thrifty Food Plan, 2006. It should be noted that the thrifty food plan assumes that all meals and snacks are prepared at home.; USDA. <http://www.cnpp.usda.gov>

⁴ United States Department of Agriculture, *Profile of SNAP Households*, January 2017. <https://fns-prod.azureedge.net/sites/default/files/ops/Idaho.pdf>