

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1014

As Engrossed: 3/15/2017

Bill Subtitle: TO CREATE THE TEACHER'S CLASSROOM INVESTMENT DEDUCTION.

Basic Change :

Sponsor: Representative Leding

Amendment No. 2 to HB1014 --- Reduces the deduction to a maximum of \$250 per taxpayer.

Amendment No. 1 to HB1014 --- This bill provides for an income tax deduction of up to \$500 per taxpayer for "qualified classroom investment expenses" by a teacher for tax years beginning on and after January 1, 2017. Qualified expenses include books, school supplies, computer equipment and software, athletic equipment, food for teacher's students, and clothing for teacher's students. If a teacher is married to another teacher and files a joint tax return, both teachers may claim the full \$500 deduction each.

Revenue Impact :

FY2018 and after of \$430,000 per year reduction to General Revenue.

Taxpayer Impact :

A teacher will be able to deduct up to \$250 in qualified expenses.

Resources Required :

Tax forms, instructions and computer system will need to be revised. Department employees and public will need to be educated.

Time Required :

Adequate time is provided.

Procedural Changes :

None.

Other Comments :

None.

Legal Analysis :

This amendment reduces the annual income tax deduction from \$500 to \$250 for one teacher and from \$1,000 to \$500 for two teachers who are married filing jointly. HB1014, as amended by H1 and H2, requires that the Director of the Department of Finance and Administration "shall" promulgate rules to implement this section. It is possible that promulgation of a rule may not be needed, and therefore it may be recommended to replace "shall" with "may".