

Department of Finance and Administration

Legislative Impact Statement

Bill: SB112

Bill Subtitle: TO ALLOW AN INCOME TAX DEDUCTION FOR QUALIFYING EDUCATION EXPENSES.

Basic Change :

Sponsor: Senator J. English, Representative House

SB112 creates an income tax deduction of up to \$5,000 for "Qualified Education Expenses" limited to 50% of the expenses paid for an elementary or secondary education in a public school, private school or home school qualified child. "Qualified Education Expenses" is defined as tuition and fees, school uniforms, textbooks, curricula, other instructional materials, and school supplies. This bill is effective for taxable years beginning on or after January 1, 2017.

Revenue Impact :

FY2018 and after of \$7M per year reduction to General Revenue

Taxpayer Impact :

Taxpayers who have qualified education expenses for dependents as defined in this bill will be able to claim the benefit of the deduction.

Resources Required :

Update computer programs, tax forms and instructions.

Time Required :

Adequate time is provided.

Procedural Changes :

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

Other Comments :

Under this bill, qualifying education expenses includes without limitation school supplies, curricula, and other instructional materials. These terms are not defined in the bill, so it may be unclear to taxpayers what expenses would qualify for the deduction,

Legal Analysis :

None.