

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: SB515**

**Bill Subtitle: TO INCREASE THE AMOUNT OF THE INCOME TAX DEDUCTION FOR A TEACHER'S QUALIFIED CLASSROOM INVESTMENT EXPENSE; AND TO DECLARE AN EMERGENCY**

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### **Basic Change :**

**Sponsor: Sen. G. Leding**

Under § 26-51-459, a teacher providing preschool, elementary, or secondary education at a public or state certified school is allowed a deduction for qualified classroom investment expenses incurred for materials used in the classroom. Eligible expenses include books, school supplies, computer equipment and software, athletic equipment, and food and clothing for the teacher's students. The deduction is limited to \$250 per taxpayer or \$500 for married teachers filing a joint tax return.

SB515 adds personal protective equipment including masks, hand sanitizer, disinfectant, gloves, and transparent desk shields to the list of qualified investment expenses. SB515 also adjusts the amount of the allowed deduction as follows:

- For the 2020 and 2021 tax years, the deduction increases to \$750 per taxpayer or \$1,500 for married teachers filing a joint tax return; and
- For tax years beginning on or after January 1, 2022, the deduction returns to the current limits of \$250 per taxpayer or \$500 for married teachers filing a joint tax return.

SB515 will be retroactive to tax years beginning on or after January 1, 2020.

### **Revenue Impact :**

**FY2021** - \$500,000 reduction to General Revenue.

[ Revenue Impact is gathered from classroom investment expense deductions reported on 2019 individual income tax returns. Over 23,000 returns claiming over \$5.5 million in classroom investment expense deductions were filed for tax year 2019. ]

### **Taxpayer Impact :**

SB515 increases the qualified classroom expense deduction from \$250 to \$750 per teacher for the 2020 and 2021 tax years as well as allows teachers to deduct personal protection equipment.

### **Resources Required :**

Computer programs, tax forms, and instructions will need to be updated.

### **Time Required :**

Adequate time is provided for implementation.

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**Procedural Changes :**

Department employees will need to be educated as well as the tax community.

**Other Comments :**

None.

**Legal Analysis :**

None.