

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: HB1345**

**Bill Subtitle: TO AMEND THE INCOME TAX DEDUCTION FOR A TEACHER'S CLASSROOM EXPENSES; AND TO INCREASE THE INCOME TAX DEDUCTION FOR A TEACHER'S CLASSROOM EXPENSES.**

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### **Basic Change :**

**Sponsors: Rep. Tosh and Sen. D. Wallace**

HB1345 increases the amount a teacher can deduct under the existing teacher's classroom investment income tax deduction. § 26-51-459 currently allows a teacher providing preschool, elementary, or secondary education at a state-certified school to deduct expenses incurred for materials purchased for use in the classroom.

HB1345 increases the income tax deduction from \$500 to \$750 per taxpayer for a "qualified classroom investment expense" by a teacher. Qualified expenses include books, school supplies, computer equipment and software, athletic equipment, food for a teacher's students, and clothing for a teacher's students. If a teacher is married to another teacher and they file a joint tax return, then both teachers may claim a deduction up to \$1,500.

HB1345 is effective for tax years beginning on or after January 1, 2023.

### **Revenue Impact :**

**FY2024 - \$116,000 General Revenue Reduction**

### **Taxpayer Impact :**

A taxpayer that claims the teacher's classroom investment deduction will benefit from a \$250 increase in the allowable deduction.

### **Resources Required :**

Computer programs, tax forms, and instructions will need to be updated. The Arkansas Integrated Revenue System (AIRS) programming costs are estimated at \$8,000.

### **Time Required :**

Adequate time is provided for implementation.

### **Procedural Changes :**

Individual Income Tax forms and instructions will need to be updated. Department employees will need to be educated as well as the tax community.

### **Other Comments :**

None.

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**Legal Analysis :**

None.