



**State of Arkansas  
Department of Finance and Administration  
Fiscal Impact Statement**

**Bill: HB1732**

**Bill Subtitle: TO INCREASE THE AMOUNT OF THE INCOME TAX DEDUCTION ALLOWED FOR A TEACHER'S CLASSROOM INVESTMENT.**

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**Sponsors:**

**Reps. Vaught, Andrews, K. Brown, M. Brown, Joey Carr, Cavanaugh, Clowney, Collins, Crawford, Eaves, D. Garner, Gramlich, Holcomb, Hudson, Ladyman, Maddox, Magie, McClure, McCullough, McElroy, McGrew, McGruder, McNair, Milligan, J. Moore, K. Moore, Painter, R. Scott Richardson, Richmond, Rye, Springer, Unger, Walker, Warren, D. Whitaker, Wooldridge, and Wooten**

**Sens. Leding, Crowell, Hammer, and Wallace**

**Basic Change:**

A preschool, elementary, or secondary education teacher who meets certain qualifications is entitled to take an income tax deduction for their qualified classroom expenses. Qualified expenses include books, school supplies, computer equipment and software, athletic equipment, food for the teacher's students, and clothing for the teacher's students. The deduction is currently limited to \$500 per taxpayer or \$1,000 for married taxpayers filing jointly who are both teachers.

HB1732 increases the income tax deduction to \$1,000 per taxpayer or \$2,000 for married taxpayers filing jointly who are both teachers.

HB1732 is effective for tax years beginning on or after January 1, 2025.

**Fiscal Impact:**

**FY2026 - \$350,000 General Revenue Reduction**

[ Fiscal impact was calculated using the current year's tax return data for the deduction claimed. ]

**Taxpayer Impact:**

A teacher would benefit from reduced income tax liability resulting from an increased deduction for eligible classroom expenses.

**Resources Required:**

The Arkansas Integrated Revenue System (AIRS) will need to be modified at a project cost of \$4,000. 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.