

PRELIMINARY STAFF MEASURE SUMMARY

CARRIER:

Senate Committee on Education

REVENUE: May have revenue impact, statement not yet issued

FISCAL: May have fiscal impact, statement not yet issued

Action:

Vote:

Yeas:

Nays:

Exc.:

Prepared By: Gretchen Engbring, Administrator

Meeting Dates: 2/12, 3/17, 3/24

WHAT THE MEASURE DOES: Creates income tax credit for classroom expenses of educator or parent. Defines “classroom expenses,” “educator,” and “parent.” Applies to tax years beginning on or after January 1, 2015, and before January 1, 2021. Takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Tax credits versus tax deductions
- Overlap with federal tax deduction for classroom expenses
- Inadequate funding for education
- Donations for individual student expenses versus classroom-wide expenses
- Joint credits or deductions

EFFECT OF COMMITTEE AMENDMENT:

-2 amendments (proposed) limit credits to expenses paid or incurred by educators only. Redefine “educator” to exclude private teachers, parents, or legal guardians. Reduce potential credit amount to \$100. Allow joint returns up to \$200.

BACKGROUND: Senate Bill 122 proposes to establish that a credit not to exceed \$250 shall be allowed against the taxes that are otherwise due under ORS chapter 316 for the classroom expenses of an educator or parent that are paid or incurred during the tax year. Senate Bill 122 defines “educator” as an individual who is a teacher, administrator, counselor or educational assistant in any grade from preschool through grade 12 at any public, private, or parochial school, as well as private teachers, parents, or legal guardians.

Federally, eligible educators can currently deduct up to \$250 (\$500 if educators are married) of any unreimbursed classroom expenses including books, supplies, computer equipment (including related software and services), other equipment, and supplementary materials that are used in the classroom.