

PRELIMINARY STAFF MEASURE SUMMARY

House Committee On Revenue

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

Action Date:

Action:

Meeting Dates:

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WHAT THE MEASURE DOES:

Creates a personal income tax credit for teachers or instructors equal to the amount of unreimbursed classroom expenses, up to \$250. Defines eligible educators, expenses, and institutions. Requires an addback for the federal deduction. Applies to tax years 2015 and later.

ISSUES DISCUSSED:

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

Since 2002 Federal law has allowed a deduction of up to \$250 for unreimbursed classroom expenses. Due to Oregon's connection to federal taxable income that deduction flows through to the calculation of Oregon tax. Under current law the federal deduction technically sunset on 12/31/2014. However, this provision is part of a group of federal tax expenditures collectively referred to as "extenders" which, in recent years, Congress has extended toward the end of the calendar year.

In tax year 2013, roughly 33,400 taxpayers claimed a total of \$8.1 million in deductions. The average deduction was \$241. In total, the deduction reduced Oregon taxes by roughly \$700,000. This bill would effectively convert the deduction to a tax credit. Because the bill is silent on the issue of a sunset date, ORS 315.050 would limit its applicability to six years, creating an effective sunset date of January 1, 2022.