

STAFF MEASURE SUMMARY

House Committee On Education

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

Action Date: 04/20/15

Action: Do Pass And Be Referred To Revenue By Prior Reference

Meeting Dates: 04/08, 04/20

Vote:

Yeas: 9 - Barreto, Doherty, Frederick, Hack, McLain, Piluso, Reardon, Sprenger, Wilson

Prepared By: Richard Donovan, Committee Administrator

WHAT THE MEASURE DOES:

Creates income tax credit for unreimbursed expenses of teachers and adjunct instructors. Applies to tax years beginning on or after January 1, 2015.

ISSUES DISCUSSED:

- Value of high-quality teacher on student performance
- Estimated 15-20% of classes at post-secondary level taught by adjunct professors
- Concern with existing practice of teachers using personal moneys on classroom supplies

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

26 U.S. §62(a)(2)(D) of the Internal Revenue Code currently provides for adjusted gross income to include certain trade and business deductions of employees, such as expenses of elementary and secondary school teachers not in excess of \$250 paid or incurred by an eligible educator in connection with books, supplies, computer equipment, and other materials used by the eligible educator in the classroom.

House Bill 3384 brings Oregon into alignment with federal tax regulations to reduce the tax liability in the amount of no more than \$250 per tax year. The bill creates a credit that may not exceed the tax liability of the taxpayer. Unlike the "Earned Income Credit," this credit will not result in a refund. Instead, it reduces an individual's yearly tax liability by the amount of eligible expenses, to a maximum of \$250.