

HB 2823 STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 3/13

WHAT THE MEASURE DOES:

Creates personal income tax credit for unreimbursed eligible expenses of an eligible educator or an adjunct instructor who teaches at least six credit hours in the tax year at an eligible institution. Defines terms. For taxpayers claiming the credit, requires addition to Oregon taxable income, amount that is allowable as a deduction from federal taxable income relating to certain expenses of elementary and secondary school teachers. Requires Department of Education to certify taxpayers as eligible educators for purposes of the tax credit. Applies to tax years 2019 through 2024.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Internal Revenue Code section 62(a)(2)(D) allows eligible elementary or secondary school teachers to deduct unreimbursed eligible expenses up to \$250 per tax year. Deduction amount is adjusted each year for inflation and can be claimed by taxpayers without itemizing their deductions. Eligible expenses include: books, supplies, computer equipment, and supplementary materials used in the classroom and professional development.

Through Oregon's connection to the federal definition of taxable income, Oregon allows the teacher classroom expenses deduction for Oregon tax purposes. Measure requires taxpayers claiming the credit to add-back, for Oregon taxable income purposes, amount of allowable deduction.

In tax year 2016, nearly 40,000 Oregon taxpayers claimed the deduction. Average reduction in Oregon tax liability from deduction was about \$20.