

BILL SUMMARY
1st Session of the 57th Legislature

Bill No.:	HB 2502
Version:	CS
Request Number:	
Author:	Mr. Speaker
Date:	3/4/2019
Impact:	Tax Commission:
	Preliminary Estimate
	Tax Year 2020 Credits:
	\$51.1 Million
	Expected to be Claimed in FY-21

Research Analysis

The committee substitute to HB2502 allows classroom teachers to claim a maximum \$1,000 tax credit for the purchase of eligible classroom items and eligible teacher certification fees, beginning on or after January 1, 2020. The maximum amount of income tax credit allowable shall not exceed \$2,000 on a joint income tax return.

The measure lists certain procedures for claiming the tax credit.

Prepared By: Emily Wendler

Fiscal Analysis

Preliminary analysis from the Tax Commission:

The Proposed Committee Substitute for HB 2502 proposes to enact a new income tax credit of up to \$1000.00¹ for classroom expenses and teacher certification fees incurred by a classroom teacher in a common school². **Classroom teacher** means a person certified by the State Department of Education who at the time of the expenditure for an eligible classroom item *was actively engaged in performing classroom instruction or who reasonably anticipates being engaged in performing classroom instruction in any grade from pre-kindergarten through twelfth grade in any common school of the state*. This credit is effective for tax year 2020 and subsequent tax years.

An analysis of data obtained from the Oklahoma State Department of Education³ indicates that an estimated 50,593 public school⁴ teachers could be eligible for the credit. **Eligible classroom expenses** are defined as amounts purchased and includes paper, pencils, pens, erasers, safety scissors, glue, glue sticks, adhesive tapes, crayons, colored pencils, colored markers, construction paper, poster board, arts and crafts supplies, notebooks, rulers, protractors, and similar supplies used and useful in a classroom⁵ for providing instruction to students. **Eligible teacher certification fee** is the fee imposed pursuant to the provisions of Title 70 of the Oklahoma Statutes or an administrative rule of the State Department of Education required to be paid in order to obtain or maintain the ability to provide classroom instruction in a public school of this state.

For purposes of this analysis, it is assumed that all eligible public school teachers would avail themselves of the maximum amount of the credit. This results in a potential decrease in income tax collections of at least \$51.1 million for tax year 2020. No changes in withholding or estimated tax payments are anticipated. An estimated revenue decrease of \$51.1 million is expected in FY21 when the 2020 income tax returns are filed.

¹ The credit is up to \$2,000 for those filing a joint return.

² "Common school" is not defined.

³ Oklahoma State Department of Education - Accreditation Standards and School Personnel Records Division – *2018-2019 Certified Personnel Report on Professional Staff Distribution by Job*

⁴ It is unclear whether this credit is available to teachers in private schools.

⁵ Single items of tangible personal property with a retail sales price in excess of \$100.00 do not qualify for the credit.

Prepared By: Mark Tygret

Other Considerations

None.