

# OKLAHOMA TAX COMMISSION

## FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT SECOND REGULAR SESSION, FIFTY-SIXTH OKLAHOMA LEGISLATURE

**DATE OF IMPACT STATEMENT:** February 14, 2018

**BILL NUMBER:** SB 952 **STATUS AND DATE OF BILL:** Introduced 1/8/18

**AUTHORS:** House n/a Senate Thompson

**TAX TYPE (S):** Income Tax **SUBJECT:** Credit

**PROPOSAL:** New Law

SB 952 proposes to enact a new income tax credit of up to \$500.00 for classroom expenses paid or incurred a teacher. The credit is only available for teachers in a public school. This credit is effective for tax year 2019 and subsequent tax years.

**EFFECTIVE DATE:** January 1, 2019

### REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 19: -0-

FY 20: Projected decrease in income tax collections of \$21.3 million

### ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 19: None

Feb. 14, 2018  
DATE

Rick Miller  
DIVISION DIRECTOR

mck

2-14-18  
DATE

Reece Womack  
REECE WOMACK, ECONOMIST

2-15-18  
DATE

Tom Whit  
FOR THE COMMISSION

## ATTACHMENT TO FISCAL IMPACT - SB 952 [Introduced] Prepared February 14, 2018

SB 952 proposes to enact a new income tax credit of up to \$500.00 for classroom expenses paid or incurred a teacher.<sup>1</sup> The credit is only available for teachers in a public school.<sup>2</sup> This credit is effective for tax year 2019 and subsequent tax years.

An analysis of data obtained from the Oklahoma State Department of Education<sup>3</sup> indicated that an estimated 42,641 full time equivalent teachers could be eligible for the credit. Classroom expenses are defined as amounts paid or incurred by a teacher for participation in professional development courses, books, supplies, computer equipment and related software, other equipment, and supplementary materials that are used in the classroom. For courses in physical education, the expenses for supplies must be for athletic supplies.

For purposes of this analysis, it is assumed that that all eligible teachers would avail themselves of the maximum amount of the credit. This results in a potential decrease in income tax collections of \$21.3 million for tax year 2019. No changes in withholding or estimated tax payments are anticipated. An estimated revenue decrease of \$21.3 million is expected in FY20 when the 2019 income tax returns are filed.

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<sup>1</sup> Teacher's eligible for the credit are those defined pursuant to 70 O.S. § 1-116 of the Oklahoma Statutes, but not to include superintendents.

<sup>2</sup> Under 70 O.S. § 1-106 public schools of Oklahoma shall consist of all free schools supported by public taxation and shall include nurseries, kindergartens, elementary, which may include either K-6 or K-8, secondary schools and technology center schools, not to exceed two (2) years of junior college work, night schools, adult and other special classes, vocational and technical instruction and such other school classes and instruction as may be supported by public taxation or otherwise authorized by laws which are now in effect or which may hereafter be enacted.

<sup>3</sup> Oklahoma State Department of Education - Accreditation Standards and School Personnel Records Division - 2016-2017 Certified Personnel Report on Professional Staff Distribution by Job