

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SB 6** SLS 19RS 71  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 8, 2019	4:25 PM	<b>Author:</b> HENSGENS
<b>Dept./Agy.:</b> Revenue		<b>Analyst:</b> Jodi Mauroner
<b>Subject:</b> Teacher Expense Deductions		

TAX/TAXATION OR DECREASE GF RV See Note Page 1 of 1  
 Provides for a tax deduction for certain expenses incurred by teachers. (gov sig)

Proposed legislation provides a tax deduction for eligible expenses made by eligible teachers for tax years beginning on or after January 1, 2018 and before January 1, 2023. The amount of the deduction shall be equal to the amount of expenses paid, not to exceed \$250 per tax year. Defines eligible teacher as an individual employed as a teacher or aid to provide classroom instruction to pupils enrolled in a qualified school for at least 810 hours per tax year. Defines eligible expenses as books, supplies, equipment, software, services or other materials used in classroom settings and commonly accepted in the education field. Defines qualified school as a public elementary or secondary school or non public elementary or secondary school which has been approved by the state Board of Elementary and Secondary Education (BESE). Effective upon governor's signature.

<b>EXPENDITURES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						
<b>REVENUES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	(\$686,000)	(\$686,000)	(\$686,000)	(\$686,000)	\$0	<b>(\$2,744,000)</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>	<b>(\$686,000)</b>	<b>(\$686,000)</b>	<b>(\$686,000)</b>	<b>(\$686,000)</b>	<b>\$0</b>	<b>(\$2,744,000)</b>

**EXPENDITURE EXPLANATION**

The Dept. of Revenue will incur costs associated with designing, modifying, and testing the tax processing system. These costs are typically estimated as several thousands of dollars of staff time. An assessment of the cumulative need resulting from all legislation is made at the end of session to determine resources needs of the department.

**REVENUE EXPLANATION**

To the extent eligible educators make expenditures for eligible classroom materials and claim deductions on their personal income tax returns, net collections available for deposit in the state treasury will be reduced.

A report issued by the U.S. Department of Education in May 2018 found that 94% of all public school teachers had out-of-pocket expenses for purchases of school supplies for the 2014-2015 school year which were not reimbursed. On average, teachers surveyed said they spent a total of \$479; 44% spent \$250 or less, while 36% spent from \$251 to \$500.

As of October 1, 2018, per the Louisiana Department of Education (LDE) Profile of Educational Personnel (PEP), there were 48,475 public school teachers in Louisiana and another 11,806 aides in instructional programs working in public schools. Per the LDE, there are an additional 12,485 teachers/aides in BESE approved non-public schools.

The result is a total in excess of 60,000 potentially qualified individuals. An average annual expenditure of \$250 by each of the 60,000 eligible individuals, results in a deduction eligibility of \$15 million (60,000 \*\$250).

Currently, certain educators are eligible for a similar but not identical deduction on their federal taxes. IRS data for the tax year 2016 indicates that 56,180 returns from Louisiana residents claimed \$14.297 million of this federal deduction. Applying this total claim amount to a state personal income tax micro-simulation model processing 2017 tax year return data, results in approximately \$686,000 of state tax loss. The deduction is available for expenses made in tax years 2018 - 2022, affecting fiscal years FY19 - FY23. However, most tax year 2018 returns will have been filed by the time this legislation is effective, necessitating eligible taxpayers to file an amended return for the 2018 tax year in order to receive the tax benefit for that year (other than those taxpayers who file under extension for the 2018 tax year). Some taxpayers may do this, resulting in a greater revenue loss in FY20 than the annual filing estimate above.

Senate Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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