

FISCAL NOTE

Bill #: HB270

Title: Tax credit for public school teacher purchase of school supplies

Primary

Sponsor: Dave Wanzenreid

Status: Introduced

Sponsor signature

Date

Chuck Swysgood, Budget Director

Date

Fiscal Summary

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
Expenditures:		
General Fund	16,362	
Revenue:		
General Fund	(50,000)	(50,000)
Net Impact on General Fund Balance:	(66,362)	(50,000)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

1. This proposal is effective on passage and approval and applies retroactively to tax years beginning after December 31, 2000 (FY2002).
2. Under the proposal, K-12 teachers would be provided a refundable credit against income taxes in the amount of 33% of their expenditures on qualifying school supplies.
3. Currently, there are 12,000 K-12 schoolteachers that could potentially qualify to take this credit (OBPP).
4. The fiscal impact of this proposal will depend on 1) the number of teachers that actually have qualifying expenditures and use the credit, 2) the average expenditure of these teachers, and 3) the percent of the expenditure allowed as a credit. The following table shows the potential impact of this credit on individual income taxes (state general fund) under alternative assumptions. As the table shows, the annual fiscal impact

(continued)

is likely to range from \$(50,000) to \$(800,000). The Department of Revenue cannot guess the number of teachers that would use the credit, or the average amount of expenditures per teacher. However, based on other credit history, the impact is likely to be closer to the bottom end of this impact range, rather than the upper end.

HB270 - Potential Fiscal Impact (33% Credit)					
Total K-12 Teachers:		12,000			
Average Expenditures	Number of Teachers With Expenditures				
	3,000	6,000	9,000	12,000	
	50	(\$50,000)	(\$100,000)	(\$150,000)	(\$200,000)
	100	(\$100,000)	(\$200,000)	(\$300,000)	(\$400,000)
	150	(\$150,000)	(\$300,000)	(\$450,000)	(\$600,000)
200	(\$200,000)	(\$400,000)	(\$600,000)	(\$800,000)	

5. Administrative impacts associated with adding a new line to the income tax form, and associated programming changes, shown in the following section.

FISCAL IMPACT:

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
<u>Expenditures:</u>		
Operating Expenses	\$16,362	\$0
<u>Funding:</u>		
General Fund (01)	\$16,362	\$0
<u>Revenues:</u>		
General Fund (01)	(50,000)	(50,000)
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	(66,362)	(50,000)