



## Bill Analysis

Author: Choi

Sponsor:

Bill Number: AB 250

Related Bills: See Legislative  
History

Introduced: January 14, 2021

### SUBJECT

Teacher Expense Credit

### SUMMARY

This bill would, under the Personal Income Tax Law (PITL), allow qualified teachers a credit of up to \$200 for the purchase of instructional materials and classroom supplies.

### RECOMMENDATION

No position

### SUMMARY OF AMENDMENTS

Not applicable.

### REASON FOR THE BILL

The reason for this bill is to provide a tax credit for teachers who spend their own money for instructional materials and classroom supplies.

### ANALYSIS

This bill, under the PITL, for each taxable year beginning on or after January 1, 2022, and before January 1, 2027, would allow a tax credit in an amount equal to the amount paid or incurred by a qualified teacher during the taxable year for instructional materials and classroom supplies, not to exceed \$200 per taxable year.

For purposes of this bill, the following definitions apply:

- “Instructional materials and classroom supplies” means books, supplies, computer equipment, including related software, services, and other equipment, and supplementary materials used in the classroom, that are not of a religious nature. “Instructional materials and classroom supplies” specifically excludes nonathletic supplies for courses of instruction in health or physical education.
- “Qualified teacher” means a teacher in a public, charter, or private school offering instruction in kindergarten through twelfth grade.

Unused credits could be carried over for three years, until exhausted.

For purposes of complying with Section 41, the goals of this credit include providing:

- Relief to teachers until more permanent funding can be provided.
- A baseline to determine if education funding is reducing the need for qualified teachers to purchase instructional materials and classroom supplies.

This bill would require the Franchise Tax Board to submit an annual report to the Legislature providing the amount of credits used by qualified teachers.

This bill would remain in effect until December 1, 2027, and be repealed as of that date.

#### *Effective/Operative Date*

As a tax levy, this bill would be effective immediately upon enactment and specifically operative for taxable years beginning on or after January 1, 2022, and before January 1, 2027.

#### *Federal/State Law*

##### *Federal Law*

Federal law allows eligible educators to deduct up to \$250 of the cost to purchase books, supplies (other than nonathletic supplies for courses of instruction in health or physical education), computer equipment (including related software and services) and other equipment, and supplementary materials used by the eligible educator in the classroom as an adjustment to gross income.

##### *State Law*

California specifically does not conform to the federal deduction for educator expenses and there is no provision comparable in state law.

#### *Implementation Considerations*

The department has identified the following implementation considerations, and is available to work with the author's office to resolve these and other considerations that may be identified.

The definition of "qualified teacher" uses the undefined terms "teacher" and "offering instruction." Also, the definition does not specify if part-time or substitute teachers or if supportive program workers, such as GATE programs or librarians, would be eligible. To ensure clarity and consistency with the author's intent, this bill should be amended.

Because the bill does not specify otherwise, two qualified teachers filing a joint return would each be eligible for the credit. If this is contrary to the author's intent, the bill should be amended.

#### *Technical Considerations*

None noted.

#### *Policy Considerations*

Generally, tax credits are based on unreimbursed expenditures. This bill would allow reimbursed expenses in determining the credit, thus allowing taxpayers in certain circumstances a tax benefit when there has been no underlying economic outlay.

### **LEGISLATIVE HISTORY**

AB 348 (Choi & Flora, 2019/2020), similar to this bill, would have allowed a credit for amounts paid or incurred by a qualified teacher during the taxable year for instructional materials and classroom supplies, not to exceed \$200 for each taxable year beginning on or after January 1, 2020. AB 348 did not pass out of the Assembly Revenue and Taxation Committee by the constitutional deadline.

AB 337 (Jones-Sawyer, et al., 2015/2016) would have created a tax credit for unreimbursed costs paid by qualified teachers for instructional materials and school supplies. AB 337 did not pass out of the Assembly Appropriations Committee by the constitutional deadline.

### **PROGRAM BACKGROUND**

None noted.

### **FISCAL IMPACT**

The department's costs to implement this bill have yet to be determined. As the bill moves through the legislative process, costs will be identified.

## **ECONOMIC IMPACT**

### *Revenue Estimate*

This bill would result in the following revenue loss:

Estimated Revenue Impact of AB 250 as Introduced January 14, 2021  
Assumed Enactment after June 30, 2021

(\$ in Millions)

Fiscal Year	Revenue
2021-2022	-\$20
2022-2023	-\$35
2023-2024	-\$37

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill or for the net final payment method of accrual.

## **LEGAL IMPACT**

None noted.

## **APPOINTMENTS**

None noted.

## **SUPPORT/OPPOSITION**

To be determined.

## **ARGUMENTS**

To be determined.

## **LEGISLATIVE CONTACT**

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