STATE OF CALIFORNIA
Franchise Tax Board

Bill Analysis

Author: Choi, et al.	Sponsor:	Bill Number: SB 267
	Related Bills: See Legislative History	Amended May 7, 2025

SUBJECT

Qualified Teacher School Supplies Tax Credit

SUMMARY

This bill would, under the Personal Income Tax Law (PITL), allow qualified teachers a credit up to $250 for the purchase of instructional materials and classroom supplies for taxable years beginning on or after January 1, 2026, and before January 1, 2031.

RECOMMENDATION

No position—The three-member Franchise Tax Board has not formally voted or taken a position on this bill.

SUMMARY OF AMENDMENTS

The May 7, 2025, amendments made technical amendments and amended the definition of a "qualified teacher."

The amendments resolved one of the four implementation considerations and all of the technical and policy considerations identified in the Franchise Tax Board's (FTB) analysis of the bill as introduced on February 3, 2025, and amended on March 10, 2025.

REASON FOR THE BILL

The reason for the bill is to create a tax credit for teachers who purchase instructional and classroom supplies.

ANALYSIS

This bill, under the PITL, for taxable years beginning on or after January 1, 2026, and before January 1, 2031, would allow a tax credit in an amount equal to the unreimbursed amount paid or incurred by a qualified teacher during the taxable year for instructional materials and classroom supplies, not to exceed $250 per taxable year.

For purposes of this bill, the following definitions would 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. The term 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 or any grade from first through twelfth grade, inclusive, for at least 900 hours during a school year.

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 FTB to submit a report to the Legislature, no later than December 1, 2027, and annually thereafter, providing the number of taxpayers allowed the credit and the total dollar amount allowed.

The Section 41 reporting requirement would be treated as an exception to the general prohibition against disclosure of confidential taxpayer information.

This bill would remain in effect until December 1, 2031, 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, 2026, and before January 1, 2031.

Federal/State Law

Federal Law

Federal law allows eligible educators to deduct up to $300 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 does not conform to the federal deduction for educator expenses, and there is no current state provision allowing this type of tax credit.

Implementation Considerations

FTB has identified the following 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 substitute teachers or supportive program workers, such as Gifted and Talented Education (GATE) programs, or librarians, would be eligible. To ensure clarity and consistency with the author's intent, the author may wish to amend the bill.

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

This bill would require the FTB to prepare a report on the number of taxpayers allowed a credit and the total dollar amount of credits allowed and submit the report by December 1, 2027, and annually thereafter. If the author's intent is to be able to review a report that contains complete information for the 2026 taxable year, it is recommended that the report due date be extended to July 1, 2028, (or due annually starting in 2028 and each year thereafter). For instance, the due date for the 2026 personal income tax return is April 15, 2027; with extension individuals may file as late as October 15, 2027. The FTB needs approximately six months to complete return processing and to finalize and submit the report. If the reporting due date remains unchanged, the report would include the information available as of six months prior to the report due date.

Technical Considerations

None noted.

Policy Considerations

None noted.

LEGISLATIVE HISTORY

AB 250 (Choi, 2021/2022), 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, 2022. AB 250 did not pass out of the Assembly Revenue and Taxation Committee by the constitutional deadline.

PROGRAM BACKGROUND

None noted.

OTHER STATES' INFORMATION

None noted.

FISCAL IMPACT

FTB'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 SB 267 as Amended May 7, 2025
Assumed Enactment after June 30, 2025

($ in Millions)

Fiscal Year	Revenue
2025-2026	-$0
2026-2027	-$38
2027-2028	-$40

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.

EQUITY IMPACT

None noted.

APPOINTMENTS

None noted.

SUPPORT/OPPOSITION

Senate Revenue and Taxation Committee Analysis, May 9, 2025.

Support

California Association of Private School Organizations
California Catholic Conference
California Charter Schools Association
Church State Council
Los Angeles County Office of Education
Orange County Board of Education

Opposition

California Tax Reform Association
California Teachers Association

ARGUMENTS

None on file.

LEGISLATIVE CONTACT

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