

## OFFICE OF FISCAL AND PROGRAM REVIEW

Date: April 1, 2013  
To: Members, Joint Standing Committee on Taxation  
From: Elizabeth Cooper, Legislative Analyst

### **LD 866, An Act To Create an Income Tax Credit for Educational Supplies Purchased by Public School Employees**

**Summary:** This bill provides an income tax credit of up to \$500 to teachers and educational support staff for the purchase of books, supplies, supplementary materials, services and equipment, including computer equipment and related software, that is used for teaching students at the high school level and in elementary grades in a public school.

#### **Public Hearing:**

##### Proponents

- The sponsor presented the bill.
- Those testifying in support of the bill include a co-sponsor, legislator and a representative of Maine Education Association. Maine School Management Association provided written testimony in favor of the bill.
- *Major points:* due to funding cuts supplies that have historically been part of school budgets are being purchased by teachers; this bill offers relief similar to the federal deduction of \$250.

Opposed - none

NFNA- none

**Issues identified:** Should the Committee choose to move forward with the bill, members may want to consider whether to tie the credit more closely to the IRS Code such definitions, application to educators in private schools as well as administrative issues such as including an addition modification versus allowing credit in addition to federal deduction. (See below)

#### **Additional Information:**

- The federal deduction of up to \$250 was available to educators through tax years 2011 and was extended to tax years beginning in 2012 and 2013 by the American Taxpayer Relief Act of 2012.
- This bill includes an addition modification that requires taxpayers to add the amount of the deduction back into adjusted gross income for state taxation purposes.

**Similar legislation:** 123<sup>rd</sup> – LD 260; deduction on unreimbursed purchases of school/work supplies for teachers up to 2% of gross teaching income.

**Fiscal Information:** The preliminary fiscal impact statement was not available at the time this analysis was finalized. The most current fiscal information can be found online at: [www.mainelegislature.org/LawMakerWeb/search.asp](http://www.mainelegislature.org/LawMakerWeb/search.asp).