

Fiscal Analysis

INCOME TAX; EDUCATOR'S CREDIT FOR OUT-OF-POCKET EXPENSES



Bill/Sponsor

HOUSE BILL 4261 As Introduced, Rep. Paul Condino
HOUSE BILL 4525 As Introduced, Rep. Matthew M. Milosch

House Committee

Tax Policy

Analysis**Summary**

House Bills 4261 and 4525 would amend the Income Tax Act to provide a non-refundable credit not to exceed \$100 per taxpayer if the taxpayer is a teacher or administrator at an elementary public school or public school academy (HB4525) or a secondary public school or public school academy (HB4261). The taxpayer may claim a credit equal to 50% of the cost paid for classroom supplies used for educational purposes.

The two bills are tie-barred to each other.

Fiscal Impact

There are approximately 90,000 elementary and secondary teachers in Michigan in public schools and public school academies. In addition, there are about 20,000 special needs and vocational teachers that might qualify, as well as an unknown number of administrators.

Survey data from Market Data Retrieval suggest that on average, teachers spend about \$400 per year out-of-pocket in supplies for their classrooms. Thus, most, if not all, teachers would qualify for the full credit.

The combination of the two bills would reduce income tax revenue by as much or more than \$11 million at the upper end. However, since the credits are non-refundable, it is possible that the full amount may not be taken in some instances. Thus, the likely fiscal impact should be about \$9 to \$10 million.

Analyst(s)

Jim Stansell

COMMITTEE ANALYSIS - 1/20/04

Mitchell Bean, Director – House Fiscal Agency
124 N. Capitol Avenue, Lansing, MI 48909
Phone: (517)373-8080, Fax: (517)373-5874
<http://www.house.mi.gov/hfa>