

**DEPARTMENT OF TAXATION
2020 Fiscal Impact Statement**

1. **Patron** Jason S. Miyares

2. **Bill Number** HB 1091

3. **Committee** House Finance

House of Origin:
 X **Introduced**
 Substitute
 Engrossed

4. **Title** Individual Income Tax; Subtraction for
Public School Teacher Salaries

Second House:
 In Committee
 Substitute
 Enrolled

5. Summary/Purpose:

This bill would provide an individual income tax subtraction for any income received from full-time employment as an elementary or secondary school teacher at a Virginia public school. This subtraction would be limited to teachers licensed under Virginia law.

This bill would be effective for taxable years beginning on and after January 1, 2020.

6. **Budget amendment necessary:** Yes.
Item(s): Page 1, Revenue Estimates

7. **Fiscal Impact Estimates are:** Preliminary. (See Line 8.)

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2020-21	(\$400.3 million)	GF
2021-22	(\$271.8 million)	GF
2022-23	(\$276.2 million)	GF
2023-24	(\$280.6 million)	GF
2024-25	(\$285.0 million)	GF
2025-26	(\$289.6 million)	GF

8. Fiscal implications:

Administrative Costs

The Department of Taxation (“the Department”) considers implementation of this bill as routine, and does not require additional funding.

Revenue Impact

This bill would have an estimated negative General Fund revenue impact of \$400.3 million in Fiscal Year 2021; \$271.8 million in Fiscal Year 2022; \$276.2 million in Fiscal Year 2023; \$280.6 million in Fiscal Year 2024; \$285.0 million in Fiscal Year 2025; and \$289.6 million in Fiscal Year 2026. According to Fiscal Year 2018 data from the Virginia

Department of Education, there were 104,492 public school teachers in Virginia, and their average salary was \$57,249. According to data from National Center for Education Statistics, 92.7 percent of public school teachers nationwide were full-time.

These estimates assume that a “public school” would include primary and secondary schools located in Virginia that are publicly funded, including schools that are part of a Virginia school division; the Virginia Governor’s school program; a Virginia regional special education program; a Virginia regional career and technical education program; or a Virginia regional alternative education program.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

Federal Educator Expense Deduction

Eligible educators may claim a deduction for up to \$250 (\$500 if married filing jointly and both spouses are eligible educators, but not more than \$250 each) of unreimbursed expenses for participation in:

- Professional development courses,
- Books,
- Supplies,
- Computer equipment (including related software and services),
- Other equipment, and supplementary materials that you use in the classroom.
- For courses in health or physical education, athletic supplies.

An “eligible educator” is defined as a kindergarten through grade 12 teacher, instructor, counselor, principal or aide who provided elementary or secondary education for at least 900 hours a school year in a school.

This deduction can be claimed above-the-line in determining federal adjusted gross income. As a result, the educator expense deduction is available to eligible educators regardless of whether they elect to claim the standard deduction or itemized deductions for federal income tax purposes. Because Virginia conforms to the federal definition of adjusted gross income, any educator expense deduction claimed on the federal return flows through to a Virginia return.

Virginia Deduction for Teacher Education Expenses

During the 1999 Session, the General Assembly enacted legislation that provided an individual income tax deduction for teachers equal to 20 percent of the tuition costs incurred to attend continuing teacher education courses that are required as a condition of employment. This deduction is available only if the teacher is not reimbursed for the

tuition costs and has not claimed a deduction for the payment of the tuition costs on their federal income tax return.

Proposed Legislation

This bill would provide an individual income tax subtraction any income received from full-time employment as an elementary or secondary school teacher at a Virginia public school. This subtraction would be limited to teachers licensed under Virginia law.

This bill would be effective for taxable years beginning on and after January 1, 2020.

Similar Bills

Senate Bill 500 would provide a credit to licensed teachers of up to \$250 for the purchase price of teaching materials.

cc : Secretary of Finance

Date: 1/19/2020 JJS
HB1091F161