

INDIVIDUAL INCOME TAX
Subtraction for Classroom Materials

April 11, 2001

Department of Revenue
Analysis of H.F. 2247 (Bernardy)/S.F. 2157 (Chaudhary)

	Yes	No
Separate Official Fiscal Note Requested		X
Fiscal Impact		
DOR Administrative Costs/Savings	X	

	Revenue Gain or (Loss)			
	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>	<u>F.Y. 2004</u>	<u>FY2005</u>
	(000's)			
General Fund	(\$910)	(\$960)	(\$1,000)	(\$1,100)

Effective beginning with tax year 2001.

EXPLANATION OF THE BILL

Current Law: Currently Minnesota conforms to federal law regarding itemized deductions for unreimbursed employment related expenses.

Proposed Law: The proposal would allow licensed teachers and qualified instructors to subtract up to \$500 for purchase of non-religious classroom materials and supplies.

REVENUE ANALYSIS DETAIL

- According to Children, Families, and Learning, there are approximately 65,000 teachers employed in Minnesota.
- An average of \$200 in supplies is assumed purchased individually by teachers each year.
- An average marginal rate of seven percent is applied.
- Growth was assumed to be five percent annually.

NUMBER OF TAXPAYERS AFFECTED: 65,000 teachers.

ADMINISTRATIVE/OPERATIONAL IMPACT

Because the department is currently formalizing a reengineered process for the income tax, the operational impact of this provision cannot be precisely estimated. However, there will be some additional costs associated with processing an additional subtraction for 65,000 teachers.

Source: Minnesota Department of Revenue
Tax Research Division
<http://www.taxes.state.mn.us/polic.html#analyses>