

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 20** HLS 202ES 52  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> September 30, 2020 12:25 PM	<b>Author:</b> EDMONDS
<b>Dept./Agy.:</b> Revenue	<b>Analyst:</b> Jodi Mauroner
<b>Subject:</b> Tuition Deductions	

TAX/INCOME TAX OR DECREASE GF RV See Note Page 1 of 1  
 Provides relative to income tax deduction for certain educational expenses incurred during the COVID-19 pandemic (Item #26)

Proposed legislation provides for a tax deduction for educational expenses incurred from March 13 through December 31, 2020 during the COVID-19 pandemic for the following expenses: tuition and mandatory fees in an amount equal to the actual amount of tuition and fees, or \$5,000 whichever is less; and/or expenses for educational coaching services for students receiving virtual education delivered by the public or non-public school in an amount equal to the actual amount of expenses, or \$5,000 whichever is less. Effective upon governor's signature.

<b>EXPENDITURES</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	DECREASE	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

**REVENUE EXPLANATION**

Current law (RS 47:297.10) provides for income tax deductions for amounts paid during the taxable year for students' enrollment in a nonpublic elementary or secondary schools. The deduction shall be equal to the actual amount of tuition and fees paid, but no more than \$5,000 deduction per child. Per 47:291.10, tuition includes the purchase of school uniforms, textbooks, curricula and other instructional materials, and school supplies. While not explicitly stated in the proposed legislation the LFO assumes that the proposed tax deduction for tuition and mandatory fees is not in addition to the deduction authorized in current law. Under that assumption, any potential impacts are not anticipated to be significant as a result of this component of the bill.

However, there will be an indeterminable decrease to the state general fund to the extent filers claim the deduction for educational coaching services. The deduction amount is equal to the actual amount paid but no more than \$5,000 may be claimed by parents who have engaged an individual to oversee/assist the student who received virtual educational instruction from a teacher at a public/nonpublic school. The LFO cannot determine the extent to which filers will make such claims or the amount that may be claimed. Each such claim can have a maximum tax reduction impact of \$300 (\$5,000 x 6% maximum marginal tax rate).

The new deductions are applicable to expenses during 2020, incurred from March 13 through December 31, and would be claimed on tax returns filed in the spring of 2021.

Senate      Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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