

**LEGISLATIVE FISCAL OFFICE
Fiscal Note**



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

Date: October 22, 2020 4:07 PM	Author: EDMONDS
Dept./Agy.: Revenue	Analyst: Jodi Mauroner
Subject: Deductions for Educational Expenses	

TAX/INCOME TAX EN 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 the educational expenses incurred from March 13 through December 31, 2020 during the COVID-19 pandemic 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. Provides definitions, including "immediate family" and "in-person facilitator of virtual education". Prohibits dual eligibility for this and other existing tax credits as provided in law. Effective upon governor's signature.

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

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

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

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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