

LFC Requester:

Faubion



**PUBLIC EDUCATION DEPARTMENT  
BILL ANALYSIS  
2024 REGULAR SESSION**

**SECTION I: GENERAL INFORMATION**

Check all that apply:

Original  Amendment

Date Prepared: 01/24/24

Correction  Substitute

Bill No: SB171

Agency Name  
and Code

Sponsor: Brandt

Number: PED - 924

Short TEACHER-PURCHASED

Person Writing Denise Terrazas

Title: SUPPLIES TAX CREDIT

Phone: (505) 470-5303 Email: denise.terrazas@ped.nm.gov

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
None	None	N/A	NFA

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
None	None	None	N/A	NFA

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	None	None	None	None	N/A	NFA

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Relates to Appropriation in the General Appropriation Act: N/A

## **SECTION III: NARRATIVE**

### **BILL SUMMARY**

Synopsis: Senate Bill 171 (SB171) would add a new section to the Income Tax Act to allow public school teachers deductions on state tax returns for the purchase of school supplies.

A taxpayer who is not a dependent of another individual and is a public school teacher may claim a deduction from net income in an amount equal to the costs of school supplies purchased by the public school teacher in a taxable year.

The amount of the deduction would be limited to \$500 in tax year 2024 and would increase to \$1,000 in tax years 2025 to 2028. The tax deduction would sunset with tax year 2029.

If enacted, SB171 would apply to tax years beginning with 2024 and continuing through 2029. The bill lacks an effective date, meaning it would become effective 90 days after the close of legislative session, or May 15, 2024.

### **FISCAL IMPLICATIONS**

SB171 does not contain an appropriation.

### **SIGNIFICANT ISSUES**

SB171 may enhance recruitment of New Mexico public school teachers. SB171 would initiate substantial state income tax deductions for teachers that far exceed deductions they can claim on federal income tax returns for purchasing school supplies.

“School supplies” means items purchased by a public school teacher and used by the students of the teacher in the teacher's classroom for educational purposes including: notebooks, paper, writing instruments, crayons, art supplies, rulers, maps and globes, but not including computers or other similar digital devices, watches, radios, digital music players, headphones, sporting equipment, portable or desktop telephones, cellular telephones or other electronic communication devices, copiers, office equipment, furniture or fixtures.

The definition of “public school teacher” would not include educational assistants. It is unclear if persons licensed as educational administrators, holding a level three-B administrator’s license, would be eligible to claim the deduction. [Section 22-10A-11.4 NMSA 1978](#) provides for level three-B administrators licenses, one of the qualifications for which is holding a current level two or three teacher’s license, though such persons are less likely to be actively teaching. Individuals holding a provisional level three-B license under [Section 22-10A-11.3 NMSA 1978](#) – in local school districts where there is a shortage of qualified school principal candidates – must be qualified to hold or a level three-A teaching license, but may or may not be teaching in addition to performing administrative duties.

The secretary of the Taxation and Revenue Department (TRD) would be directed to establish eligibility criteria for claiming the deduction, and TRD would be directed to compile an annual report to track the number of taxpayers who successfully claim the deduction, as well the aggregate amounts of approved deductions. The report is to be submitted to the Legislative Finance

Committee and the Revenue Stabilization and Tax Policy Committee, with an analysis of the cost of the deduction.

## **PERFORMANCE IMPLICATIONS**

Teachers often spend their own money on supplies, decorations, and educational materials to create a more effective and engaging learning environment. However, this can place a financial burden on educators. SB171 would help address this challenge by offering additional tax relief at the state level, which can serve as an encouragement for teachers to continue or even increase their investment in resources for the benefit of their students.

## **ADMINISTRATIVE IMPLICATIONS**

None.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Relates to: Senate Bill 54, which proposes to expand the application of the back-to-school gross receipts tax deduction of [Section 7-9-95 NMSA 1978](#) of the Gross Receipts and Compensating Tax Act by changing the dates to which the deduction is applicable from beginning on the first Friday in August to beginning on the last Friday in July. The tax deduction is applicable to, among other things, school supplies, which are limited to many of the same items as those listed in SB171.

## **TECHNICAL ISSUES**

None.

## **OTHER SUBSTANTIVE ISSUES**

None.

## **ALTERNATIVES**

None.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

None.

## **AMENDMENTS**

The sponsor may wish to clarify whether the proposed tax deduction might be claimed by teachers holding a provisional level three-B administrator's license – according to [Section 22-10A-11.3 NMSA 1978](#) – in a school district where this a shortage of qualified principal candidates.