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Legislative Briefing

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PHOENIX — A Senate panel on Thursday approved what could be a big tax cut for Arizonans who don't itemize their state income-tax deductions.

Without dissent, the Senate Finance Committee voted to boost the standard deduction by more than 25 percent. Under the plan, individuals could reduce their taxable income by \$5,285, up from the current \$4,125.

For couples, the numbers are double, meaning a \$10,570 standard deduction.

What that means in actual taxes depends on the person's tax bracket. But for couples in the 4 percent bracket, that translates to about \$93 less a year in payments to the state.

The measure now goes to the full Senate.

Lawmakers began indexing that standard deduction for inflation in 1978. But those annual adjustments were suspended in 1990 when the state faced a revenue shortage.

Teacher tax break

PHOENIX — A Senate panel voted unanimously to give teachers a tax break on the school supplies they buy — a tax break the state's teacher union does not want.

The measure provides a dollar-for-dollar tax credit for any classroom supplies purchased by any teacher of kindergarten through 12th grade, up to \$250 a year. That means for every dollar spent, the teacher's tax state liability is reduced by an equal amount.

It also is set up as a refundable credit: If the teacher owes less than \$250 in taxes, he or she would get a check from the state.

Teachers already are entitled to a \$250 deduction for classroom supplies on their federal tax returns.

But deductions are not worth as much: They simply reduce the teacher's taxable income. So a \$250 deduction for someone in the 28 percent tax bracket actually reduces that person's tax only by \$70.

If every teacher in the state took the maximum credit, legislative budget staffers estimate the loss of tax revenues would top \$13 million a year.

John Wright, president of the Arizona Education Association, agreed with Martin's premise that teachers are taking money out of their own pockets for supplies that they do not get through their schools. But Wright said tax credits are the wrong way to solve that problem.

"If schools aren't appropriately funded, let's put more money into them," he said.

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