

State Income Tax Incentives for Active Teachers

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February 6, 2025 | 2025-R-0040

Issue

What state income tax incentives do states provide to active teachers? Which of these programs were enacted in the last 10 years?

Summary

We identified 20 state income tax credits and deductions for active teachers across 14 states and the District of Columbia (D.C.).

- Four states (Kansas, Illinois, Indiana, and South Carolina) offer tax credits for teacher supply expenses.
- Six states (Arkansas, Georgia, Maryland, New Mexico, Pennsylvania, and Virginia) and D.C. offer tax deductions for teacher supply expenses that apply instead of, or in addition to, the federal deduction for educator expenses. (In most states with broad-based income taxes, including Connecticut, the federal deduction for teacher supply expenses automatically flows through to the state income tax calculation because of the linkage between the federal and state tax calculations.)
- Four states offer tax credits designed to recruit or retain teachers in targeted school districts (Georgia) or qualifying early child care centers (Colorado, Louisiana, and Nebraska).
- Three states and D.C. offer tax credits or deductions for a portion of the costs eligible teachers incur for postgraduate education or professional development (D.C., Maryland, and Virginia) or discharged student loans (Minnesota).

- South Carolina also exempts its teacher of the year awards, which range from \$1,000 to \$25,000, from state income tax ([HB 5100, Laws 2024](#), part 1B, § [1A.10](#)).

All but seven of these tax incentives were enacted in the last 10 years, including the teacher supply deductions in D.C., Georgia, and Pennsylvania; the early childhood credit in Louisiana; and the tuition credits in D.C., Maryland, and Virginia.

Teacher Supply Expenses

Income Tax Credits

We identified four states (Kansas, Illinois, Indiana, and South Carolina) that offer tax credits for teacher supply expenses, as shown in Table 1 below. The credit amounts range from \$100 in Indiana to \$500 in Illinois. Only South Carolina’s credit is refundable, meaning that taxpayers can receive the credit as a refund even if they do not owe any tax.

Table 1: State Income Tax Credits for Teacher Supplies

State, Credit Program, & Year Enacted	Maximum Amount	Eligible Taxpayers	Refundable?
Kansas – Credit for School and Classroom Supplies Kan. Stat. § 79-32,296 ; 2022	\$250	Public or private school teachers	No
Illinois – Credit for Instructional Materials and Supplies 35 Ill. Comp. Stat. 5/225 ; 2017	\$500	Public or non-public school teachers, administrators, and specified staff at Illinois schools	No
Indiana – Public School Educator Expense Credit Ind. Code § 6-3-3-14.5 ; 2015	\$100 (\$200 for joint filers if both spouses meet the requirements)	Public school teachers (including charter schools), administrators, and specified staff	No
South Carolina – Classroom Teacher Expenses Credit Form I-360 (2024) ; 2024*	\$400	Public or private South Carolina classroom teachers who were not eligible for the teacher supplies reimbursement paid by their county	Yes

Source: CCH AnswerConnect, state statutes, and state tax department websites

* Credit is a temporary tax provision enacted as part of the FY 24-25 state budget ([HB 5100, Laws 2024](#)); lower credit amounts applied in previous tax years

Income Tax Deductions

The [federal income tax deduction](#) for teacher supplies generally allows eligible educators to deduct up to \$300 (\$600 for joint filers if both spouses are eligible educators) of their unreimbursed, qualified expenses, including those for professional development courses, books, supplies, equipment (e.g., computers and related software), and classroom materials. Eligible educators include kindergarten through grade 12 teachers, instructors, counselors, principals, and aides who were employed for at least 900 hours in a school year.

This federal deduction is an “above-the-line” deduction, meaning that it is claimed before calculating federal adjusted gross income (AGI). With a few exceptions, states that impose a broad-based income tax generally use federal AGI as the starting point for calculating their state taxes (Federation of Tax Administrators, [State Personal Income Taxes: Federal Starting Points](#), as of January 1, 2023). Consequently, the federal deduction for teacher supplies flows through for state income tax purposes in these states. In other words, taxpayers who claim this federal deduction automatically receive a state income tax deduction for the same amount.

We identified six states and the District of Columbia that offer their own deductions for teacher supply expenses, as shown in Table 2 below. In Arkansas and Pennsylvania, the state-level deduction is the only deduction that applies because neither state incorporates the federal deduction into their state income tax calculation. Georgia’s deduction, which mirrors the federal one, applies only if taxpayers did not already include the deduction in their federal AGI or claim the qualifying expenses as an itemized deduction. In the remaining four jurisdictions, the state deduction applies in addition to the federal deduction (but in D.C., Maryland, and Virginia the expenses claimed under the federal deduction cannot also be claimed for the state-level deduction). The deduction amounts range from \$250 in Maryland to \$1,000 in New Mexico (starting in 2025).

Table 2: State-Specific Income Tax Deductions for Teacher Supplies

Jurisdiction, Deduction, & Year Enacted	Maximum Amount	Eligible Taxpayers	Interaction With Federal Deduction
Arkansas – Teacher’s Classroom Investment Deduction Ark. Code § 26-51-459 ; 2017	\$500 (\$1,000 for joint filers if both are teachers)	Public school teachers, instructors, counselors, principals, and aides for pre-K to grade 12 students; must be employed by a state-certified school for at least 900 hours in the tax year	Arkansas does not incorporate federal deduction into its state tax calculation; state-level deduction only

Table 2 (continued)

Jurisdiction, Deduction, & Year Enacted	Maximum Amount	Eligible Taxpayers	Interaction With Federal Deduction
District of Columbia – Expenditures by D.C. Teachers D.C. Code § 47-1803.03 ; 2006	\$500 per person	Classroom teachers in D.C. public schools or public charter schools for the entire tax year (or prior tax year)	Expenses claimed for federal deduction may not be claimed for D.C. deduction
Georgia – Deduction for Teacher Expenses Ga. Code § 48-7-27(a)(14) ; 2005	Same as federal (\$300 for 2025)	Same as federal	State deduction allowed only if (1) the deduction is not already included in federal AGI and (2) the taxpayer did not include the expenses as itemized nonbusiness deductions
Maryland – Teacher School Supplies Deduction Md. Code, Tax-Gen. § 10-208(x) ; 2018	\$250	Full-time teachers in Maryland elementary and secondary schools	Expenses claimed for federal deduction may not be claimed for Maryland deduction
New Mexico – Deduction for School Supplies 2024 New Mexico HB 252 ; 2024	\$500 (\$1,000 starting in 2025)	Public school teachers	State deduction applies in addition to the federal deduction
Pennsylvania – Deduction for Unreimbursed Employee Business Expenses Personal Income Tax Preparation Guide ; 2004*	No limit**	Deductible as unreimbursed employee business expenses	Pennsylvania does not incorporate federal deduction into its state tax calculation; state-level deduction only
Virginia – Qualified Educator Expenses Deduction Va. Code § 58.1-322.03(18) ; 2022	\$500 (expired on December 31, 2024)	Instructors, counselors, principals, special needs personnel, and student aides at public or private primary or secondary schools in Virginia	Expenses claimed for federal deduction may not be claimed for Virginia deduction

* Legal Letter Ruling PIT-04-019, Pennsylvania Department of Revenue, August 11, 2004 (accessed through CCH)

** Pennsylvania [tax guidance](#) notes that the deduction is for allowable employee business expenses for which the taxpayer was not reimbursed. The expenses must be “ordinary, necessary, reasonable, actually incurred and directly related” to the duties of the job and there is no monetary cap as long as they meet these conditions and can be substantiated (see p. 32)

Source: CCH AnswerConnect, state statutes, and state tax department websites

Recruitment and Retention

Georgia's Teacher Recruitment and Retention Program

Enacted in 2021 and applicable beginning with the 2022 tax year, Georgia offers a \$3,000 income tax credit for teachers participating in the state's [teacher recruitment and retention program](#). Eligible teachers can receive the credit for up to five consecutive years. The credit is nonrefundable, but taxpayers can carry forward unused amounts for up to three years ([Ga. Code § 48-7-29.23](#)).

To qualify, teachers must be recently hired to teach in a high-need subject area in a participating rural or low-performing school system. The state's Department of Education must annually select up to 100 participating schools, as well as the high-need subject areas, and publish them on its website. Eligible teachers are those who (1) were recently hired to teach in these participating schools and designated subjects, (2) have a bachelor's degree in education from a college or university with a state-approved teacher certification program, and (3) hold a five-year state teaching credential.

Teachers must apply annually to continue their participation in the program and can be deemed ineligible if they receive an "ineffective" performance rating. The program is capped at 1,000 participating teachers statewide in any school year and is scheduled to sunset to new applicants on December 31, 2026 ([Ga. Code § 20-2-251](#)).

Credits for Early Childhood Educators

At least three states (Colorado, Louisiana, and Nebraska) offer refundable income tax credits for early childhood educators. As Table 3 below shows, the credit amounts are all tied to the educator's credentials and range from a low of \$852 in Colorado for those with a level I certification to \$4,258 in Louisiana for those with a level four staff or director certification.

Table 3: State Tax Credits for Early Childhood Educators

State, Credit Program, & Year Enacted	Maximum Amount	Eligible Taxpayers	Refundable?
Colorado – Early Childhood Educator Credit Colo. Rev. Stat. § 39-22-547 ; 2022	Range from \$852 (for early childhood professional I) to \$1,705 (for early childhood professional III-VI); annually adjusted for inflation	Taxpayer must: <ul style="list-style-type: none"> hold an early childhood professional credential; have a federal AGI of \$75,000 or less (for single filers) or \$150,000 or less (for joint filers); and have been a licensee or employee of a qualifying early childhood education program or licensed family child care home for at least six months of the tax year 	Yes
Louisiana – School Readiness Tax Credit for Child Care Directors and Staff La. Stat. Ann. § 47:6106 ; 2007	Range from \$2,130 (for level one staff or directors) to \$4,258 (for level four staff or directors); annually adjusted for inflation	Taxpayer must: <ul style="list-style-type: none"> be enrolled in the state’s early childhood career development system and work at least six months for a licensed child care facility that participates in the state’s quality rating system 	Yes
Nebraska – School Readiness Tax Credit Neb. Rev. Stat. § 77-3605 ; 2016	Range from \$2,300 (for level one classification) to \$3,500 (for level five classification); annually adjusted for inflation Total credits under this program and a parallel business tax credit for child care centers are capped at \$7.5 million per tax year	Taxpayer must: <ul style="list-style-type: none"> have worked for, or been self-employed, providing child care and early childhood education for an eligible program for at least six months during the tax year and be classified in the state’s early childhood professional development system 	Yes

Source: National Conference of State Legislatures, [State Child Care Tax Benefits](#); CCH AnswerConnect, state statutes, and state tax department websites

Education-Related Expenses

At least three states and the District of Columbia offer education-related tax incentives to teachers, as shown in Table 4 below. D.C., Maryland, and Virginia offer tax breaks for a portion of the costs eligible teachers incur for postgraduate education or professional development. Minnesota, on the

other hand, offers a deduction for student loans forgiven under a state student loan repayment assistance program for qualifying teachers.

Table 4: State Education-Related Tax Incentives for Teachers

State, Program, & Year Enacted	Credit or Deduction	Basis	Maximum Amount	Eligible Taxpayers
District of Columbia – Expenditures by D.C. Teachers D.C. Code Ann. § 47-1803.03 ; 2006	Deduction	Tuition and fees paid for postgraduate education, professional development, or state licensing examination and testing for improving teaching credentials or maintaining professional certification	\$1,500 per person	Classroom teachers in D.C. public schools or public charter schools for the entire tax year (or prior tax year) Deduction may not be claimed if the same expenditures were already claimed in the taxpayer's federal AGI
Maryland – Quality Teacher Incentive Credit Md. Code, Tax-Gen. § 10-717 ; 1999	Credit (nonrefundable)	Tuition paid for graduate level courses required to maintain certification	\$1,500	Classroom teachers holding a qualifying professional certificate who: <ul style="list-style-type: none"> • successfully complete the courses with a grade B or better; • are employed by a county board of education, state or local correctional facility, or eligible juvenile facility; • teach in a public school or eligible facility and receive a satisfactory performance evaluation; and • have not been reimbursed by the county or state for the tuition paid

Table 4 (continued)

State, Program, & Year Enacted	Credit or Deduction	Basis	Maximum Amount	Eligible Taxpayers
Minnesota – Student Loan Discharges Minn. Stat. § 290.0132(24)(c)(4) ; 2017	Deduction	Education loans forgiven under the state’s teacher shortage loan repayment program	None (but the program limits awards to \$1,000 per year and \$5,000 total)	Taxpayers who received student loan repayment assistance (the program is generally open to state-licensed classroom teachers who are employed by a school district, have outstanding student loan debt, and priority is given to those who belong to a racial or ethnic group underrepresented by the Minnesota teacher workforce)
Virginia – Continuing Teacher Education Deduction Va. Code § 58.1-322.03(9) ; 1999	Deduction	20% of tuition costs incurred for continuing teacher education courses that are required as a condition of employment	None	Licensed primary or secondary school teachers Deduction may not be claimed if the tuition costs were reimbursed or already claimed in the taxpayer’s federal AGI

Source: CCH AnswerConnect, state statutes, and state tax department websites

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