

**Department of Legislative Services**  
Maryland General Assembly  
2026 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 478  
Ways and Means

(Delegate Patterson, *et al.*)

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**Income Tax - Subtraction Modification for Classroom Supplies Purchased by Teachers - Alteration**

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This bill expands eligibility for the income tax subtraction modification for educator expenses to full-time prekindergarten classroom teachers in prekindergarten programs in the State. **The bill takes effect July 1, 2026, and applies to tax year 2026 and beyond.**

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**Fiscal Summary**

**State Effect:** General fund revenues may decrease by about \$80,000 annually beginning in FY 2027. The Comptroller’s Office can implement the bill’s change with existing budgeted resources.

**Local Effect:** Local income tax revenues may decrease by about \$50,000 annually beginning in FY 2027. Local expenditures are not affected.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** An eligible teacher may subtract from income up to \$250 of unreimbursed expenses paid or incurred during the tax year for the purchase of classroom supplies if the supplies are used by (1) students in the classroom or (2) the eligible teacher to prepare for or during classroom teaching. “Eligible teacher” is defined as an individual who is a kindergarten through grade 12 classroom teacher in an elementary or secondary school in the State on a full-time basis for an academic year ending during the tax year.

The subtraction modification is in addition to any federal income tax deduction claimed for unreimbursed educator expenses. Per § 62 of the Internal Revenue Code, an eligible educator may claim an “above-the-line” deduction (deducted from gross income in computing federal adjusted gross income) for certain expenses paid or incurred by the eligible educator during the tax year for professional development or in connection with books, supplies, computer or other equipment, or supplementary materials, subject to an inflation-adjusted dollar amount limit. For tax year 2026, the dollar amount limit is \$350. “Eligible educator” is defined as an individual who is a kindergarten through grade 12 teacher, instructor, counselor, principal, or aide in a school for at least 900 hours during a school year.

**State/Local Revenues:** Beginning in fiscal 2027, general fund revenues may decrease by about \$80,000 annually, and local income tax revenues may decrease by about \$50,000 annually. This estimate is based on an analysis of historic claims for the educator expense subtraction modification and Maryland teacher employment statistics published by the U.S. Bureau of Labor Statistics.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** SB 262 (Senator Simonaire) - Budget and Taxation.

**Information Source(s):** Comptroller’s Office; Maryland State Department of Education; U.S. Bureau of Labor Statistics; Department of Legislative Services

**Fiscal Note History:** First Reader - February 6, 2026  
sj/hlb

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Analysis by: Elizabeth J. Allison

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510