

**SB 565 STAFF MEASURE SUMMARY**

**Senate Committee On Education**

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**Action Date:** 03/30/17

**Action:** Do pass and refer to Tax Credits by prior reference.

**Vote:** 3-0-2-0

**Yeas:** 3 - Kruse, Linthicum, Roblan

**Exc:** 2 - Gelser, Hass

**Fiscal:** Has minimal fiscal impact

**Revenue:** Revenue impact issued

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**WHAT THE MEASURE DOES:**

Establishes a tax credit for amounts paid as interest on qualified education loans. Defines qualified education loans using U.S. Internal Revenue Code. Allows the Department of Revenue to establish rules and prescribe a form for taxpayer's use. Allows credit to be claimed by nonresidents proportionally. Applies to tax years beginning on or after January 1, 2017. Becomes effective 91 days after the Legislative Assembly adjourns sine die.

**ISSUES DISCUSSED:**

- Student debt load
- Benefits of tax credits
- Debt accrued by older students

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

Federal law allows taxpayers to deduct student loan interest for their own loans, their spouse's or dependents' loans. The benefit applies to all educational loans, and the maximum deduction is \$2,500.00 per year.