

# House Bill 4097

Sponsored by Representative PARRISH; Representatives BARKER, CONGER, DAVIS, ESQUIVEL, GALLEGOS, GOMBERG, HICKS, HUFFMAN, JENSON, JOHNSON, KENNEMER, KRIEGER, MATTHEWS, MCLANE, OLSON, REARDON, RICHARDSON, SPRENGER, THOMPSON, WHISNANT, WHITSETT, WILLIAMSON, Senators DEMBROW, GIROD, HANSELL (at the request of Oregon Student Association) (Presession filed.)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Creates subtraction from taxable income for payment of interest on principal of loans used to attend institution of higher education in Oregon to obtain degree.

Creates credit against personal income taxes for payment of interest on principal of loans used to attend college or university in Oregon if taxpayer is granted associate's or higher degree in science, technology, engineering or mathematics and engages in related employment and volunteer service.

Applies to tax years beginning on or after January 1, 2015, and before January 1, 2025.  
Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to tax incentives for higher education loans; and prescribing an effective date.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. Section 2 of this 2014 Act is added to and made a part of ORS chapter 316.**

5 **SECTION 2. (1) As used in this section, "qualified education loan" and "qualified higher**  
6 **education expenses" have the meanings given those terms in section 221(d) of the Internal**  
7 **Revenue Code.**

8 **(2) A resident individual taxpayer shall be allowed a subtraction from federal taxable in-**  
9 **come for interest paid by the taxpayer during the tax year on any qualified education loan,**  
10 **if the qualified education loan:**

11 **(a) Was incurred by the taxpayer to pay qualified higher education expenses leading to**  
12 **the granting of a degree from an educational institution located in Oregon; and**

13 **(b) Was disbursed on or after December 31, 2007.**

14 **(3) The subtraction under this section shall be reduced by any amount that has been**  
15 **previously deducted, in the calculation of federal taxable income, under section 221 of the**  
16 **Internal Revenue Code.**

17 **SECTION 3. Section 4 of this 2014 Act is added to and made a part of ORS chapter 315.**

18 **SECTION 4. (1) As used in this section:**

19 **(a) "Qualified education loan" and "qualified higher education expenses" have the**  
20 **meanings given those terms in section 221(d) of the Internal Revenue Code.**

21 **(b) "STEM" means science, technology, engineering or mathematics.**

22 **(2) There is allowed a credit against the taxes that are otherwise due under ORS chapter**  
23 **316 for interest paid by the taxpayer during the tax year on any qualified education loan used**  
24 **to attend a college or university located in Oregon and obtain an associate's or higher degree**  
25 **in a STEM-related field.**

26 **(3) A taxpayer shall qualify for a credit under this section if:**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.  
New sections are in **boldfaced** type.

1 (a) The taxpayer is awarded a degree in a STEM-related field from a college or university  
2 located in Oregon; and

3 (b) The taxpayer engages in STEM-related employment and engages in at least 15 hours  
4 per month of STEM-related volunteer service.

5 (4) The credit under this section:

6 (a) Shall equal five percent of the interest paid on any qualified education loan during the  
7 tax year for each \$10,000 or portion thereof by which \$170,000 exceeds the taxpayer's federal  
8 taxable income, not to exceed 50 percent of interest paid; and

9 (b) May not be claimed if the taxpayer's federal taxable income is \$170,000 or greater.

10 (5) The credit allowed under this section may not exceed the tax liability of the taxpayer  
11 and may not be carried forward to a later tax year.

12 (6) To be eligible for the credit allowed under this section, the taxpayer shall provide to  
13 the Department of Revenue a certificate of eligibility issued by the Higher Education Coor-  
14 dinating Commission as provided in subsection (10) of this section and any other information  
15 the department may require to determine the amount of the tax credit for which the tax-  
16 payer is eligible.

17 (7) A nonresident taxpayer is allowed the credit under this section in the proportion  
18 provided in ORS 316.117.

19 (8) If a change in the status of a taxpayer from resident to nonresident or from nonres-  
20 ident to resident occurs, the credit allowed by this section shall be determined in a manner  
21 consistent with ORS 316.117.

22 (9) If a change in the tax year of a taxpayer occurs as described in ORS 314.085, or if the  
23 Department of Revenue terminates the taxpayer's tax year under ORS 314.440, the credit  
24 allowed under this section shall be prorated or computed in a manner consistent with ORS  
25 314.085.

26 (10)(a) The STEM Investment Council shall by rule establish procedures and policies for  
27 certifying taxpayers as eligible for the credit allowed under this section, including criteria  
28 for what qualifies as:

29 (A) A STEM-related degree.

30 (B) STEM-related employment or volunteer service.

31 (b) The Higher Education Coordinating Commission shall provide written certification to  
32 taxpayers who are eligible to claim the credit under this section.

33 **SECTION 5.** Sections 2 and 4 of this 2014 Act apply to tax years beginning on or after  
34 January 1, 2015, and before January 1, 2025.

35 **SECTION 6.** This 2014 Act takes effect on the 91st day after the date on which the 2014  
36 regular session of the Seventy-seventh Legislative Assembly adjourns sine die.

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