

**PRELIMINARY** STAFF MEASURE SUMMARY

CARRIER:

Senate Committee on Education

**REVENUE:** May have revenue impact, statement not yet issued

**FISCAL:** May have fiscal impact, statement not yet issued

**Action:**

**Vote:**

**Yeas:**

**Nays:**

**Exc.:**

**Prepared By:** Gretchen Engbring, Administrator

**Meeting Dates:** 2/12

**WHAT THE MEASURE DOES:** Creates credit against income taxes for interest paid on qualified education loans. Applies to years beginning on or after January 1, 2015. Takes effect on 91<sup>st</sup> day following adjournment sine die.

**ISSUES DISCUSSED:**

**EFFECT OF COMMITTEE AMENDMENT:**

**BACKGROUND:** Senate Bill 530 proposes to establish a credit against the taxes otherwise due under ORS chapter 316 for the interest paid on any qualified education loan, with the credit allowed equaling the interest paid.

Senate Bill 530 defines a “qualified education loan” using section 221 of the Internal Revenue Code. Qualified loans include any indebtedness incurred by the taxpayer solely to pay higher education expenses, which are incurred on behalf of the taxpayer, the taxpayer’s spouse, or any dependent of the taxpayer; which are paid or incurred within a reasonable period of time before or after the indebtedness is incurred; and which are attributable to education furnished during a period during which the recipient was an eligible student.

Federally, taxpayers may currently deduct interest paid on qualified education loans during the taxable year from gross income, up to a maximum of \$2,500 (26 United States Code §221).