

PRELIMINARY STAFF MEASURE SUMMARY

House Committee On Revenue

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

Action Date:

Action:

Meeting Dates:

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WHAT THE MEASURE DOES:

Allows personal income taxpayers to subtract amounts paid for interest of education loans of greater than \$2,500 and less than \$3,500. Establishes a limit on qualified residence interest deductions for personal income taxpayers.

ISSUES DISCUSSED:

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

Currently, there is a subtraction available for student loan interest up to \$2,500 per year. The measure would extend the amount that could be subtracted from the current \$2,500 per year to \$3,500 per year. Income limitations apply to the subtraction of these amounts from federal and state tax. To receive the full amount of the subtraction, an individual must have a modified adjusted gross income of less than \$65,000 annually for a single taxpayer or \$130,000 annually for a joint return. If incomes are less than \$80,000 for single taxpayers and \$160,000 for joint taxpayers, a phased out amount of student loan interest may be subtracted.

The measure combines the change to the student loan interest subtraction with a limit on the mortgage interest that may be deducted. It applies a limit of \$35,750 to the amount that can be claimed as a mortgage interest deduction.