

# HB 2929

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OREGON STUDENT DEBT DEDUCTION

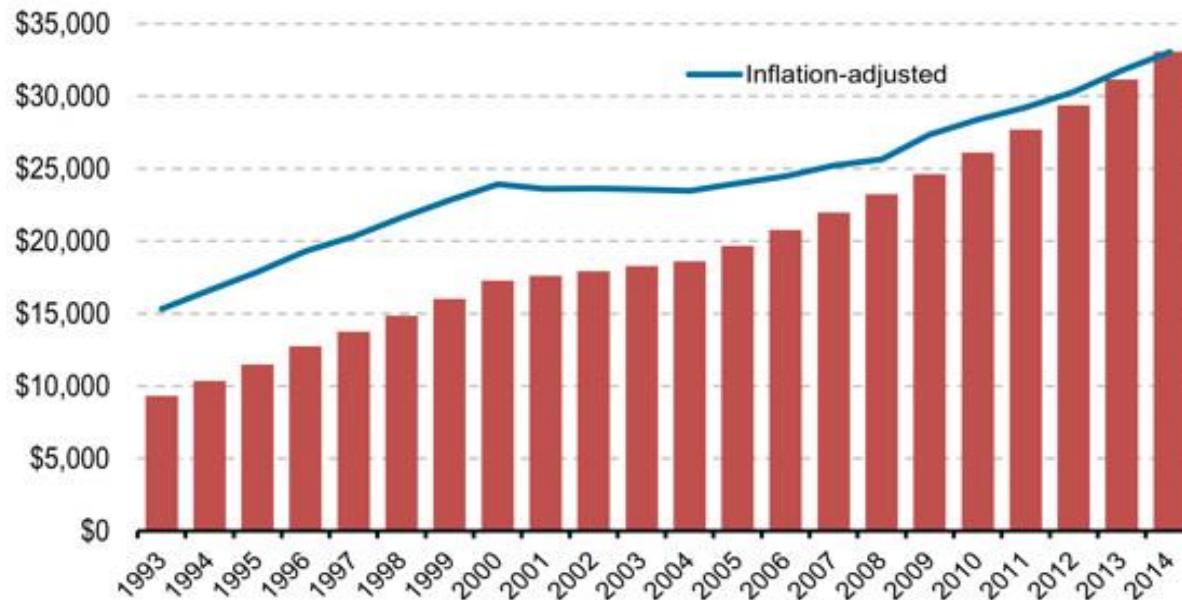
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# The Problem with Student Debt

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## Class of 2014

Average debt per borrower in each year's graduating class.



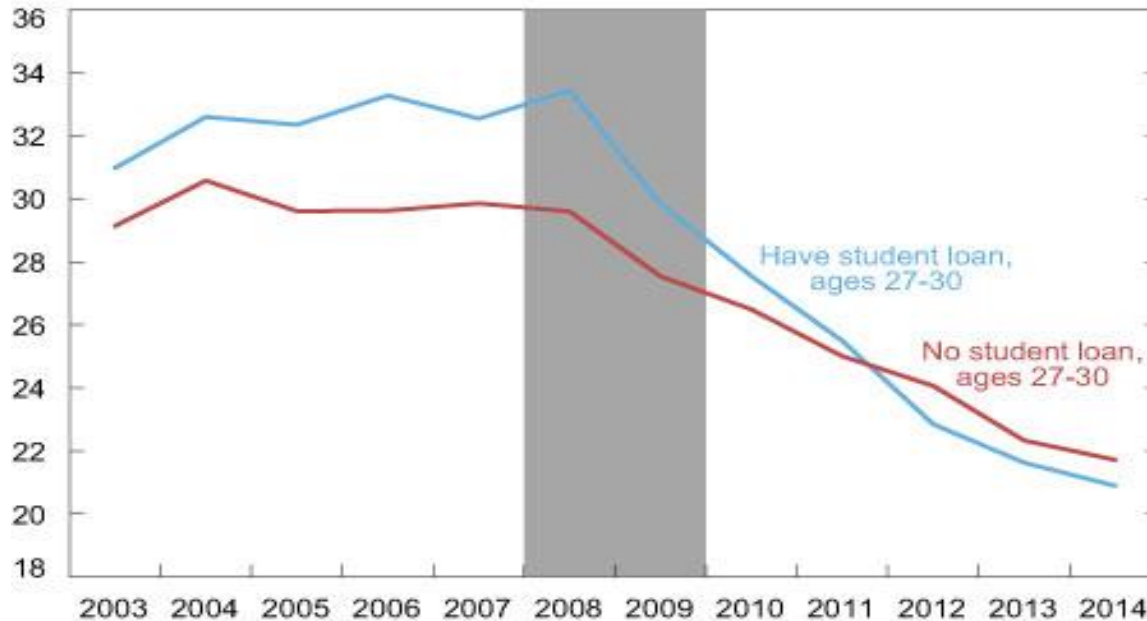
Source: Mark Kantrowitz analysis of National Center for Education Statistics data | WSI.com

# The Problem with Student Debt

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Proportion of Borrowers with Home-Secured Debt at Age 30

Percent



Source: Federal Reserve Bank of New York Consumer Credit Panel / Equifax.

# The Problem with Student Debt

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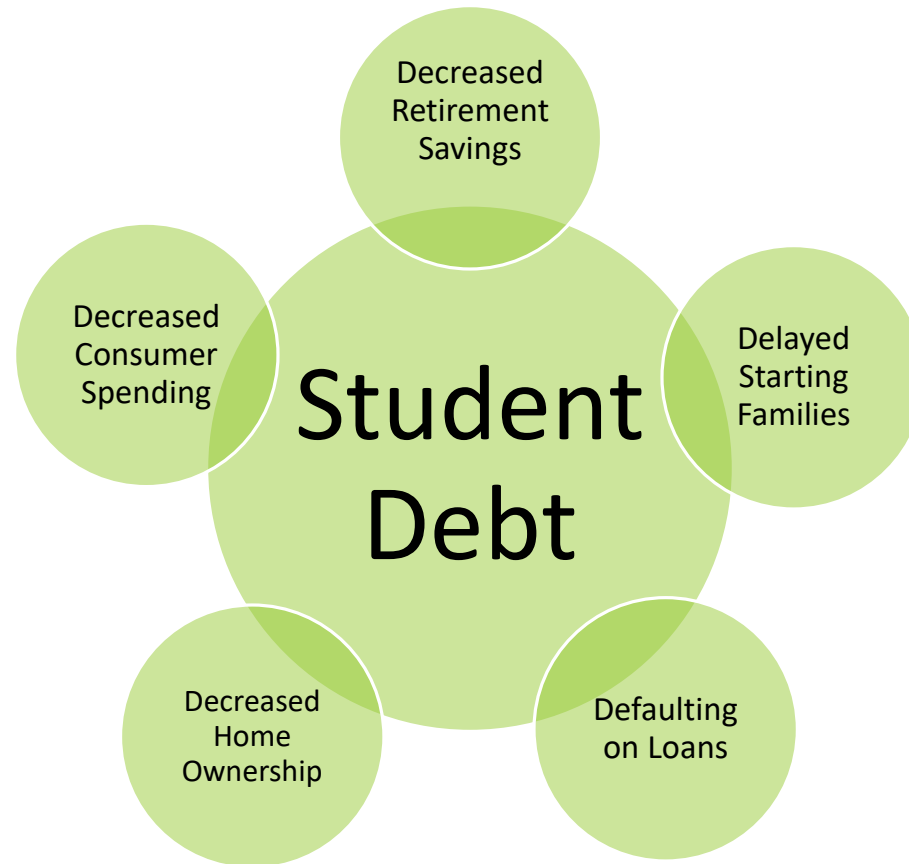
- \$1.31 trillion in total U.S. student loan debt<sup>1</sup>
- 44.2 million Americans with student loan debt<sup>1</sup>
- 63% of Oregonians have student debt<sup>2</sup>

1. <https://studentloanhero.com/student-loan-debt-statistics/>

2. [http://ticas.org/posd/map-state-data#overlay=posd/state\\_data/2016/or](http://ticas.org/posd/map-state-data#overlay=posd/state_data/2016/or)

# The Cost of Student Debt

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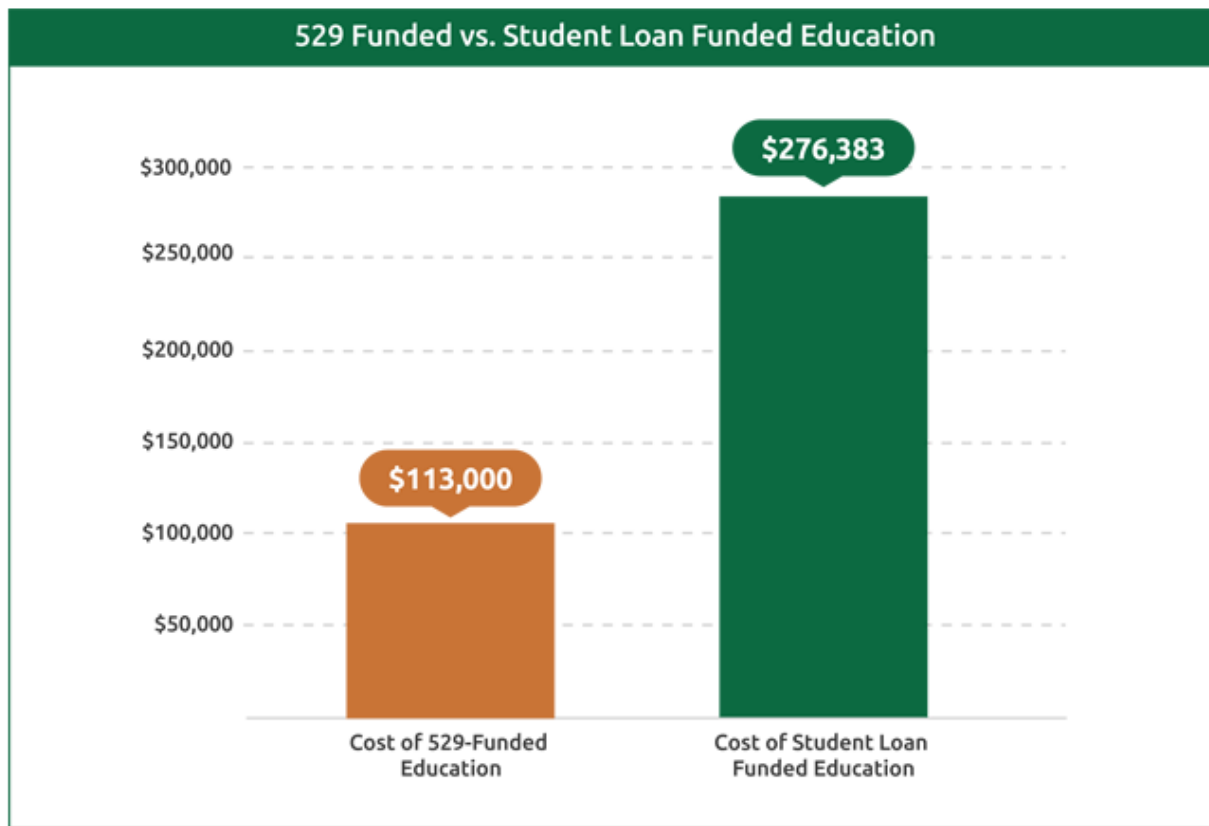


# HB 2929 Components

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- Incentivizing Early Savings
- Improved Loan Education and Counseling
- Assisting Student Loan Repayment

# Incentivizing Early Savings



<https://www.oregoncollegesavings.com/plan/borrowing.shtml>

# Incentivizing Early Savings

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- **\$100 Refundable Tax Credit for Individuals**
  - For people putting money into a college savings plan
  - Credit is for the amount contributed to the plan, not to exceed \$100
  - Capped based on income
- **\$100 Tax Credit for Employers**
  - For employers who pay into their employees' college savings plan
  - Credit is equal to the amount contributed, not to exceed \$100 per account
- **Change in the limits for contributions to the Oregon College Savings network**
  - Allows for more than one child's savings account to be a tax deduction
  - Increases the limit from \$2,000/\$4,000 per taxpayer to \$2,000/\$4,000 per beneficiary
- **Eligibility of State Services**
  - Provides that money in a college savings plan and the use of a college savings plan is disregarded in determining the eligibility to receive state services or the amount or services someone is eligible to receive.



# Improving College Exit Counseling

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- Supplemental Student Loan Education for College Graduates
  - Establishes formal educational loan counseling to help educate graduates on the options available and develop a plan for repayment.
  - Provide customized information to empower graduates to make the best informed decisions regarding repayment.

# Assisting Student Loan Repayment

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- **\$2,500 Tax Deduction for Interest Payments**
  - Deduction is equal to the amount of interest paid, not to exceed \$2,500
  - Capped based on income and means tested
- **\$2,500 Tax Credit for Employers**
  - Provides tax credit for employers that make payments on their employee's student loans
  - Credit is 50% of the amount contributed, not to exceed \$2,500
- **Student Loan Refinancing Guarantee Pilot Program**
  - Creates a Student Loan Refinancing Guarantee Program Fund through the Treasurers office to assist students in refinancing their private loans at a lower interest rate.

# Dream Plan

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Component	Revenue Impact (millions)
\$100 Refundable Low-Income Tax Credit for paying into College Savings Plan	\$5.80
\$100 Employer Tax Credit for Paying into Employee's College Savings Plan	\$12.50
Increases tax deductions for payments into a college savings plan from \$2,000 for individuals and \$4,000 for couples per filer to per beneficiary	\$20
\$2,500 State Tax Deduction on Interest Payments	\$7.30
\$2,500 Employers tax credit for payments on employee's student loans	\$30
Eligibility to Receive State Services	\$0
Total	\$75.60

# \$30 Million Plan

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Component	Revenue Impact (millions)
\$75 Refundable Low-Income Tax Credit for paying into College Savings Plan	\$4.40
\$75 Employer Tax Credit for paying into Employee's College Savings Plan	\$9.40
\$2,000 Employer Tax Credit for Paying off Employees' Loans	\$16
Eligibility to Receive State Services	\$0
Total	\$29.8

# \$10 Million Plan

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Component	Revenue Impact (millions)
\$25 Refundable Low-Income Tax Credit for paying into College Savings Plan	\$1.50
\$25 Employer Tax Credit for Paying into Employee's College Savings Plan	\$3.10
\$500 Employer Tax Credit for Paying off Employees' Loans	\$5.30
Eligibility to Receive State Services	\$0
Total	\$9.90

# \$5 Million Plan

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Component	Revenue Impact
\$25 Non-Refundable Low-Income Tax Credit for paying into College Savings Plan	\$0.89
\$500 State Tax Deduction on Interest Payments	\$1.40
\$250 Employer Tax Credit for Paying off Employees' Loans	\$2.80
Eligibility to Receive State Services	\$0
Total	\$5.09

# \$0 Million Plan

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Component	Revenue Impact
Eligibility to Receive State Services	\$0
Total	\$0.0

# Questions?

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