

House Bill 3276

Sponsored by Representatives POST, SMITH DB, Senator HEARD; Representatives BARKER, BARRETO, BOLES, BONHAM, BOSHART DAVIS, CLEM, DOHERTY, DRAZAN, EVANS, FINDLEY, GOMBERG, GORSEK, HAYDEN, HELT, HERNANDEZ, LEIF, LEWIS, LIVELY, MCKEOWN, MEEK, NEARMAN, NOBLE, REARDON, RESCHKE, SMITH G, SPRENGER, STARK, WALLAN, WILDE, WILSON, WITT, ZIKA

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 credit against income taxes for amounts paid by veteran as principal or interest on qualified education loans.

Applies to tax years beginning on or after January 1, 2019, and before January 1, 2025.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to tax credits for veterans' student loan payments; and prescribing an effective date.

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

4 **SECTION 1. Section 2 of this 2019 Act is added to and made a part of ORS chapter 315.**

5 **SECTION 2. (1) As used in this section:**

6 (a) **"Qualified education loan" has the meaning given that term in section 221 of the**
7 **Internal Revenue Code.**

8 (b) **"Veteran" has the meaning given that term in ORS 408.225.**

9 (2)(a) **A credit shall be allowed against the taxes otherwise due under ORS chapter 316**
10 **for principal and interest paid during the tax year by a taxpayer on any qualified education**
11 **loan if the taxpayer is a veteran and is the borrower named on the loan. The amount of the**
12 **credit allowed shall equal the amount of principal and interest paid, less any amount allowed**
13 **as a deduction on the taxpayer's federal return under section 221 of the Internal Revenue**
14 **Code.**

15 (b) **In order to be eligible for the credit allowed under this section, for the course of study**
16 **or professional training for which the loans were incurred, the taxpayer must have utilized**
17 **all educational benefits available under ORS 408.010 to 408.090 or available as educational aid**
18 **under any federal Act based upon prior service in the Armed Forces of the United States.**

19 (3) **The Department of Revenue may:**

20 (a) **Adopt rules for carrying out the provisions of this section; and**

21 (b) **Prescribe the form used to claim a credit and the information required on the form,**
22 **including information substantiating that the taxpayer has complied with subsection (2)(b)**
23 **of this section.**

24 (4) **In the case of a credit allowed under this section:**

25 (a) **A nonresident shall be allowed the credit under this section in the proportion provided**
26 **in ORS 316.117.**

27 (b) **If a change in the status of a taxpayer from resident to nonresident or from nonres-**
28 **ident to resident occurs, the credit allowed under this section shall be determined in a**

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 manner consistent with ORS 316.117.

2 (c) If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or
3 if the department terminates the taxpayer's taxable year under ORS 314.440, the credit al-
4 lowed under this section shall be prorated or computed in a manner consistent with ORS
5 314.085.

6 SECTION 3. Section 2 of this 2019 Act applies to tax years beginning on or after January
7 1, 2019, and before January 1, 2025.

8 SECTION 4. This 2019 Act takes effect on the 91st day after the date on which the 2019
9 regular session of the Eightieth Legislative Assembly adjourns sine die.

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