

HB 2737 STAFF MEASURE SUMMARY

House Committee On Revenue

Action Date: 05/06/21

Action: Do pass. Refer to Tax Expenditures.

Vote: 7-0-0-0

Yeas: 7 - Levy, Marsh, Nathanson, Pham, Reschke, Smith G, Valderrama

Fiscal: Has minimal fiscal impact

Revenue: Revenue impact issued

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Meeting Dates: 3/23, 4/20, 5/6

WHAT THE MEASURE DOES:

Creates personal income tax subtraction from federal taxable income for amounts received as AmeriCorps national service educational awards. Applies to tax years beginning on or after January 1, 2021.

ISSUES DISCUSSED:

- Taxability of AmeriCorps Education Awards
- Education award amounts are sent directly to education institutions when used to pay tuition, or to financial institutions when used to pay student loans
- Contrast in taxability of AmeriCorps Education Awards as compared to exempt and non-exempt scholarship awards
- Potential revenue impact
- Number of individuals in Oregon receiving such education awards
- Tax policy of other states regarding such education awards.

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

After successfully completing an AmeriCorps term of service and enrolling in the National Service Trust, individuals are eligible to receive the Segal AmeriCorps Education Award. The award can be used to repay qualified student loans and to pay current educational expenses at eligible institutions of higher education and training programs. The AmeriCorps education award is considered taxable income in the year in which it is used.

Measure allows taxpayers receiving an AmeriCorps national service educational award a personal income tax subtraction equal to the amount of the education award received by the taxpayer if such award amount is included in the taxpayer's federal gross income. The Oregon subtraction is applicable for tax years 2021 through 2026.