

Regular Session, 2011

SENATE BILL NO. 177

BY SENATOR HEITMEIER

TAX/INCOME/PERSONAL. Grants a non-refundable income tax credit equal to the deduction taken by a resident taxpayer on his federal return for interest paid on a loan for himself or a resident dependent or spouse if they are graduates from the baccalaureate level and the education loan is a loan for education above the baccalaureate level. (gov sig)

## AN ACT

To enact R.S. 47:297.13, relative to individual income tax; to provide a credit for interest paid on certain education loans which pay higher education expenses; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 47:297.13 is hereby enacted to read as follows:

**§297.13. Tax credit; interest paid on graduate education loans**

**A. There shall be credit against individual income tax due under this Part in an amount equal to the adjustment to gross income properly taken by a resident taxpayer on his federal income tax return for the same tax period for interest paid by the resident taxpayer, or paid on behalf of a resident spouse or dependent, during that tax period for a qualified education loan incurred to pay qualified higher education expenses as provided for in Internal Revenue Code Section 221(b)(1); provided that such resident taxpayer, spouse, or dependent is a graduate from the baccalaureate level and the education loan was a loan for education above the baccalaureate level.**

**B. The credit provided for in this Section shall not be allowed to a**

1        **taxpayer if he, or the spouse or dependent for whom the credit is taken, is not**  
2        **a resident of the state of Louisiana for the tax period for which the credit is**  
3        **taken.**

4        Section 2. The provisions of this Act shall be applicable to tax years beginning on  
5        and after January 1, 2011.

6        Section 3. This Act shall become effective upon signature by the governor or, if not  
7        signed by the governor, upon expiration of the time for bills to become law without signature  
8        by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
9        vetoed by the governor and subsequently approved by the legislature, this Act shall become  
10       effective on the day following such approval.

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The original instrument and the following digest, which constitutes no part  
of the legislative instrument, were prepared by Riley Boudreaux.

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#### DIGEST

Heitmeier (SB 177)

Proposed law grants a non-refundable credit against individual income tax in an amount equal to the deduction from gross income properly taken by a resident taxpayer on his federal income tax return for the same tax period for interest paid by the resident taxpayer, or interest paid on behalf of a resident spouse or dependent, during that tax period for a qualified education loan incurred to pay qualified higher education expenses. However, the resident taxpayer, spouse, or dependent must be a graduate from the baccalaureate level and the education loan must be a loan for education above the baccalaureate level.

Proposed law specifically prohibits the credit to a taxpayer if he, or the spouse or dependent for whom the credit is taken, is not a resident of the state of Louisiana for the tax period for which the credit is taken.

Applicable to tax years beginning on and after January 1, 2011.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Adds R. S. 47:297.13)

#### Summary of Amendments Adopted by Senate

##### Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill.

1. Increases the credit from 10% to all of the deduction on the federal return.
2. Requires the person for whom the credit is taken to be a graduate from the baccalaureate level.
3. Requires the loan to be a loan for education above the baccalaureate level.