

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. Effective in the year in which the secretary of the Department of Revenue receives the certification of revenue neutrality provided for in Subsection C of this Section before September first of that year, 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

1 the baccalaureate level and the education loan was a loan for education above
2 the baccalaureate level.

3 B. The credit provided for in this Section shall not be allowed to a
4 taxpayer if he, or the spouse or dependent for whom the credit is taken, is not
5 a resident of the state of Louisiana for the tax period for which the credit is
6 taken.

7 C.(1) The provisions of this Section shall not become effective until the
8 year in which the secretary of the Department of Revenue receives written
9 certification from both the Division of Administration and the Legislative Fiscal
10 Office that the credit provided for in this Section is likely to achieve revenue
11 neutrality at some time after it becomes effective.

12 (2) "Revenue neutrality" means that both the Division of Administration
13 and the Legislative Fiscal Office reasonably estimates that the cost to the state
14 of the tax benefit provided to taxpayers pursuant to the provisions of this
15 Section will be offset by the revenue received by the state because of the tax
16 benefits provided to such taxpayers.

17 Section 2. This Act shall become effective upon signature by the governor or, if not
18 signed by the governor, upon expiration of the time for bills to become law without signature
19 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
20 vetoed by the governor and subsequently approved by the legislature, this Act shall become
21 effective on the day following such approval.

The original instrument was prepared by Riley Boudreaux. The following
digest, which does not constitute a part of the legislative instrument, was
prepared by Linda Nugent.

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.

Proposed law provides that the credit will be effective for a taxpayer in the year in which the Dept. of Revenue receives a certification of revenue neutrality before September first of that year. Provides that "revenue neutrality" means that both the Division of Administration and the Legislative Fiscal Office estimates that the cost of the tax benefit will be offset by the revenue received by the state.

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.

Senate Floor Amendments to engrossed bill.

1. Eliminates the effective date of January 1, 2011.
2. Provides that the credit will be effective for a taxpayer when the Dept. of Revenue receives a certification of revenue neutrality.
3. Defines "revenue neutrality" to mean that both the Division of Administration and the Legislative Fiscal Office estimates that the cost of the tax benefit will be offset by the revenue received by the state.