1	H.729
2	Introduced by Representatives Scheuermann of Stowe, Parent of St. Albans
3	Town, Baser of Bristol, Eastman of Orwell, Gamache of
4	Swanton, Komline of Dorset, Lucke of Hartford, Morris of
5	Bennington, Olsen of Londonderry, O'Sullivan of Burlington,
6	Sibilia of Dover, Stuart of Brattleboro, and Zagar of Barnard
7	Referred to Committee on
8	Date:
9	Subject: Taxation; deduction; education loan payments
10	Statement of purpose of bill as introduced: This bill proposes to provide a
11	State income tax deduction for education loan payments.
12	An act relating to a tax deduction for education loan payments
13	It is hereby enacted by the General Assembly of the State of Vermont:
14	Sec. 1. 32 V.S.A. § 5811 is amended to read:
15	§ 5811. DEFINITIONS
16	The following definitions shall apply throughout this chapter unless the
17	context requires otherwise:
18	* * *

1	(14) "Tax" or "tax liability" includes the liability for all amounts owing
2	by a taxpayer to the State of Vermont under this chapter.
3	* * *
4	(21) "Taxable income" means federal taxable income determined
5	without regard to 26 U.S.C. § 168(k) and:
6	* * *
7	(B) Decreased by the following items of income (to the extent such
8	income is included in federal adjusted gross income):
9	(i) income from United States government obligations;
10	(ii) with respect to adjusted net capital gain income as defined in
11	26 U.S.C. § 1(h):
12	* * *
13	(II) for taxpayers aged 70 or older as of the last day of the tax
14	year who so elect and for all other capital gain income, the first \$2,500.00 of
15	adjusted net capital gain income; and
16	(iii) recapture of State and local income tax deductions not taken
17	against Vermont income tax-; and
18	(iv) the amount paid by the eligible taxpayer during the taxable
19	year on any qualified education loan; provided, however, that the deduction
20	shall not exceed \$2,500.00 for the taxable year.

1	(C) As used in subdivision (B) of this subdivision (21):
2	(i) The term "eligible education institution" means an eligible
3	institution, as defined in 26 U.S.C. § 25A of the Internal Revenue Code of
4	1986, as amended.
5	(ii) The term "qualified education loan" means any indebtedness
6	incurred by the taxpayer to pay for qualified tuition and related expenses, as
7	defined in 26 U.S.C. § 221 of the Internal Revenue Code of 1986, as amended
8	(iii) The term "qualified tuition and related expenses" means the
9	qualified costs of tuition and fees and other expenses required for the
10	enrollment or attendance of the taxpayer at an eligible educational institution,
11	as defined in 26 U.S.C. § 221 of the Internal Revenue Code of 1986, as
12	amended.
13	Sec. 2. EFFECTIVE DATE
14	This act shall take effect on July 1, 2016, and shall apply to the 2016
15	taxable year and after.