

There was interest from some committee members in seeing notes from my testimony. I've copied them below. They're pretty sparse but I'm more than happy to answer any further questions!

Have a nice weekend
Rebecca

Testimony Notes for Senate Education 2/12/16

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H.832:

***Exemption of textbooks from Vermont sales tax
Income tax deduction for tuition payments and student loans
Tax credit for apprenticeship training programs***

H.832 REVENUE ESTIMATES

Tuition and fees payments:	39 M
Loan payments:	5 M
Textbooks from the Sales Tax:	1.5 M
TOTAL:	45.5 M

I. Textbooks

Streamline definition issues

- As part as physical books (tangible personal property), we would also need to exempt reference books (dictionaries and encyclopedias) and reference maps and globes
- Parity with digital textbooks. Addressing this equity issue is where the Streamline's requirements would make the proposal much broader than was perhaps the intent of the bill. Would need to exempt ALL "digital books" (Harry Potter, etc.).

II. Income Tax deductions for student loan and tuition payments

Federal pass-through

- We do pass through the federal adjustments for Tuition and Fees and Student Loan Interest . Deductions are very limited. Tuition and fees capped at \$2K or \$4K depending on income; Student loan interest capped at \$2500.
- Federal pass through of these deduction costs VT \$2.1M

Tax Administration

- A large tax benefit that would be impossible to audit unless we're requiring tuition bills or student loan payment documentation. Other large benefit programs (EITC) are where Tax sees the most fraud and spends a lot of resources combatting, despite having good federal data for compliance. We'd have nothing from the feds here.

Student debt policy impact? Not only young Vermonters. 67% of U.S. student loan debt is held by individuals 30 and older.

Student Loan Debt: Breakdown by Age				
Age Bracket	Borrowers (Mil)	% Borrowers	Debt (Billions)	% of Debt
Under 30	15	39%	322	33%
30-39	10.9	28%	321	33%
40-49	6	15%	168	17%
50-59	4.7	12%	112	12%
60+	2.2	6%	43	4%
Total	38.8	100%	966	100%

Source: <https://www.newyorkfed.org/studentloandebt/index.html>

III. Apprenticeship Tax Credit

Just a study committee for now. Tax would like to be involved in that committee's work in designing the credit. Of course, any tax credit would have a revenue impact.

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