1   S.68

2   Introduced by Senator Lyons

3   Referred to Committee on

4   Date:

5   Subject: Taxation; personal income tax; deduction; student loan payments

6   Statement of purpose of bill as introduced: This bill proposes to expand the

7   personal income tax deduction for student loan payments made by Vermont

8   taxpayers on their own qualifying student loans to include payments of

9   principal. The deduction for payments of principal on student loans would

10   apply in addition to the existing deduction for payments of interest.

11   An act relating to the deduction for student loan payments

12   It is hereby enacted by the General Assembly of the State of Vermont:

13   Sec. 1. 32 V.S.A. § 5811 is amended to read:

14   § 5811. DEFINITIONS

15   * * *

16   (21) "Taxable income" means, in the case of an individual, federal

17   adjusted gross income determined without regard to 26 U.S.C. § 168(k) and:

18   * * *

19   (B) decreased by the following items of income (to the extent such

20   income is included in federal adjusted gross income):

1   * * *

2   (vi) the amount of <u>principal and</u> interest paid by a qualified

3   resident taxpayer during the taxable year on a qualified education loan for the

4   costs of attendance at an eligible educational institution; and

5   * * *

6   (29) As used in subdivision (21)(B)(vi) of this section:

7   (A) "Qualified education loan" and "eligible educational institution"

8   shall have the same meanings as under 26 U.S.C. § 221(d).

9   (B) "Qualified resident taxpayer" means an individual qualifying for

10   residency as defined under subdivision (11) of this section and whose adjusted

11   gross income is equal to or less than:

12   (i) $120,000.00 if the individual's filing status is single, head of

13   household, or married filing separately; or

14   (ii) $200,000.00 if the individual's filing status is married filing

15   jointly.

16   Sec. 2. EFFECTIVE DATE

17   <u>Notwithstanding 1 V.S.A. § 214, this act shall take effect retroactively on</u>

18   <u>January 1, 2023 and shall apply to taxable years beginning on and after</u>

19   <u>January 1, 2023.</u>