

107TH CONGRESS  
1ST SESSION

# S. 516

To amend the Internal Revenue Code of 1986 to provide a credit against income tax for higher education loan interest payments.

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IN THE SENATE OF THE UNITED STATES

MARCH 12, 2001

Ms. SNOWE introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to provide a credit against income tax for higher education loan interest payments.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Student Debt Relief  
5 Act”.

6 **SEC. 2. CREDIT FOR INTEREST ON HIGHER EDUCATION**  
7 **LOANS.**

8 (a) IN GENERAL.—Subpart A of part IV of sub-  
9 chapter A of chapter 1 of the Internal Revenue Code of  
10 1986 (relating to nonrefundable personal credits) is

1 amended by inserting after section 25A the following new  
2 section:

3 **“SEC. 25B. INTEREST ON HIGHER EDUCATION LOANS.**

4       “(a) ALLOWANCE OF CREDIT.—In the case of an in-  
5 dividual, there shall be allowed as a credit against the tax  
6 imposed by this chapter for the taxable year an amount  
7 equal to the interest paid by the taxpayer during the tax-  
8 able year on any qualified education loan.

9       “(b) MAXIMUM CREDIT.—

10           “(1) IN GENERAL.—Except as provided in para-  
11 graph (2), the credit allowed by subsection (a) for  
12 the taxable year shall not exceed \$1,500.

13           “(2) LIMITATION BASED ON MODIFIED AD-  
14 JUSTED GROSS INCOME.—

15           “(A) IN GENERAL.—If the modified ad-  
16 justed gross income of the taxpayer for the tax-  
17 able year exceeds \$50,000 (\$100,000 in the  
18 case of a joint return), the amount which would  
19 (but for this paragraph) be allowable as a credit  
20 under this section shall be reduced (but not  
21 below zero) by the amount which bears the  
22 same ratio to the amount which would be so al-  
23 lowable as such excess bears to \$10,000  
24 (\$20,000 in the case of a joint return).

1           “(B) MODIFIED ADJUSTED GROSS IN-  
2 COME.—The term ‘modified adjusted gross in-  
3 come’ means adjusted gross income determined  
4 without regard to sections 911, 931, and 933.

5           “(C) INFLATION ADJUSTMENT.—In the  
6 case of any taxable year beginning after 2003,  
7 the \$50,000 and \$100,000 amounts referred to  
8 in subparagraph (A) shall be increased by an  
9 amount equal to—

10                   “(i) such dollar amount, multiplied by

11                   “(ii) the cost-of-living adjustment de-  
12 termined under section (1)(f)(3) for the  
13 calendar year in which the taxable year be-  
14 gins, by substituting ‘2002’ for ‘1992’.

15           “(D) ROUNDING.—If any amount as ad-  
16 justed under subparagraph (C) is not a multiple  
17 of \$50, such amount shall be rounded to the  
18 nearest multiple of \$50.

19           “(c) DEPENDENTS NOT ELIGIBLE FOR CREDIT.—No  
20 credit shall be allowed by this section to an individual for  
21 the taxable year if a deduction under section 151 with re-  
22 spect to such individual is allowed to another taxpayer for  
23 the taxable year beginning in the calendar year in which  
24 such individual’s taxable year begins.

1       “(d) LIMIT ON PERIOD CREDIT ALLOWED.—A credit  
 2 shall be allowed under this section only with respect to  
 3 interest paid on any qualified education loan during the  
 4 first 60 months (whether or not consecutive) in which in-  
 5 terest payments are required. For purposes of this para-  
 6 graph, any loan and all refinancings of such loan shall be  
 7 treated as 1 loan.

8       “(e) DEFINITIONS.—For purposes of this section—

9           “(1) QUALIFIED EDUCATION LOAN.—The term  
 10 ‘qualified education loan’ has the meaning given  
 11 such term by section 221(e)(1).

12           “(2) DEPENDENT.—The term ‘dependent’ has  
 13 the meaning given such term by section 152.

14       “(f) SPECIAL RULES.—

15           “(1) DENIAL OF DOUBLE BENEFIT.—No credit  
 16 shall be allowed under this section for any amount  
 17 taken into account for any deduction under any  
 18 other provision of this chapter.

19           “(2) MARRIED COUPLES MUST FILE JOINT RE-  
 20 TURN.—If the taxpayer is married at the close of  
 21 the taxable year, the credit shall be allowed under  
 22 subsection (a) only if the taxpayer and the tax-  
 23 payer’s spouse file a joint return for the taxable  
 24 year.

1           “(3) MARITAL STATUS.—Marital status shall be  
2           determined in accordance with section 7703.”.

3           (b) CONFORMING AMENDMENT.—The table of sec-  
4           tions for subpart A of part IV of subchapter A of chapter  
5           1 of the Internal Revenue Code of 1986 is amended by  
6           inserting after the item relating to section 25A the fol-  
7           lowing new item:

                  “Sec. 25B. Interest on higher education loans.”.

8           (c) EFFECTIVE DATE.—The amendments made by  
9           this section shall apply to any qualified education loan (as  
10          defined in section 25B(e)(1) of the Internal Revenue Code  
11          of 1986, as added by this section) incurred on, before, or  
12          after the date of the enactment of this Act, but only with  
13          respect to any loan interest payment due after December  
14          31, 2001.

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