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.