

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 678 Session of 2019

INTRODUCED BY ISAACSON, STEPHENS, SIMS AND McCLINTON,  
MARCH 1, 2019

REFERRED TO COMMITTEE ON FINANCE, MARCH 1, 2019

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An  
2 act relating to tax reform and State taxation by codifying  
3 and enumerating certain subjects of taxation and imposing  
4 taxes thereon; providing procedures for the payment,  
5 collection, administration and enforcement thereof; providing  
6 for tax credits in certain cases; conferring powers and  
7 imposing duties upon the Department of Revenue, certain  
8 employers, fiduciaries, individuals, persons, corporations  
9 and other entities; prescribing crimes, offenses and  
10 penalties," in personal income tax, providing for income tax  
11 credit for interest paid on student loans.

12 The General Assembly of the Commonwealth of Pennsylvania  
13 hereby enacts as follows:

14 Section 1. The act of March 4, 1971 (P.L.6, No.2), known as  
15 the Tax Reform Code of 1971, is amended by adding a section to  
16 read:

17 Section 314.1. Income Tax Credit for Interest Paid on  
18 Student Loans.--(a) A resident taxpayer before allowance of any  
19 credit under section 312 shall be allowed a credit for student  
20 loan interest against the tax otherwise due under this article  
21 for the amount of any income tax, wage tax or tax on or measured  
22 by gross or net earned or unearned income.

1 (b) To qualify for the credit, a resident taxpayer's  
2 modified adjusted gross income must be less than seventy-five  
3 thousand dollars (\$75,000) or less than one hundred fifty-five  
4 thousand dollars (\$155,000) if filing a joint return. The credit  
5 can reduce the amount of income subject to tax by up to two  
6 thousand five hundred dollars (\$2,500).

7 (c) The qualified student loan must have been taken solely  
8 to pay educational expenses, including tuition and fees, room  
9 and board, books, supplies and equipment and other necessary  
10 expenses, and the loan cannot be from a related person or made  
11 under a qualified employer plan.

12 (d) The tax credit provided in this section may be used  
13 during the remaining period of the student loan.

14 (e) As used in this section, the following words and phrases  
15 shall have the meanings given to them in this subsection unless  
16 the context clearly indicates otherwise:

17 "Qualified educational institution." A college, university,  
18 vocational school or other postsecondary educational institution  
19 eligible to participate in a student aid program administered by  
20 the Federal Department of Education.

21 "Qualified student loan." Indebtedness incurred by a  
22 taxpayer to pay educational expenses, which are incurred on  
23 behalf of the taxpayer, the taxpayer's spouse or any dependent  
24 of the taxpayer at the time the indebtedness was incurred.

25 "Student loan interest." Interest paid during the year on a  
26 qualified student loan to attend a qualified educational  
27 institution, including both required and voluntary interest  
28 payments.

29 Section 2. This act shall apply to taxable years commencing  
30 after December 31, 2019.

1 Section 3. This act shall take effect in 60 days.