

BY REP. KOPONEN, Ellis, Jacko, Gruenberg, Larson, Grussendorf, Ulmer

1 IN THE HOUSE

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HOUSE JOINT RESOLUTION NO. 65

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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SIXTEENTH LEGISLATURE - SECOND SESSION

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Relating to taxation of certain student

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loans.

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BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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WHEREAS many student loans made before July 1, 1987, are eligible for

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up to 50 percent forgiveness under the state student loan program; and

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WHEREAS, under sec. 108(f) of the Internal Revenue Code, a student

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loan that is forgiven is nontaxable income if the recipient works for a

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certain period of time in certain professions; and

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WHEREAS the Internal Revenue Code tax exemption does not cover loans

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forgiven under the state student loan program because state loan forgive-

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ness is conditioned on residency in the state, not on employment in a

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certain profession; and

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WHEREAS many state residents who benefited from the student loan

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program were unaware of their tax liability and assumed that a forgiven

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student loan was similar to a grant; and

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WHEREAS many students who have completed their education are now

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facing the prospect of paying back taxes plus interest on amounts forgiven

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in 1987 and 1988 on student loans; and

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WHEREAS the Congress is considering S. 1803 and H.R. 3518, both of

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which would change the tax exemption for student loans and allow loans that

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are forgiven by this state to be exempt from taxation by the federal gov-

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ernment;

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BE IT RESOLVED that the Alaska State Legislature urges the Congress to

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consider and pass either S. 1803 or H.R. 3518 thereby allowing student

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loans made by this state that qualify for forgiveness to be exempt from

1 taxation.