

Original sponsor(s): REP. KOPONEN, Ellis, Jacko, Gruenberg, Larson,
Grussendorf, Ulmer, Wallis, Hanley, Hudson, Leman

1 IN THE HOUSE BT THE HESS COMMITTEE
2 CS FOR HOUSE JOINT RESOLUTION NO. 65 (HESS)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - SECOND SESSION
5 Relating to taxation of certain student
6 loans.
7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:
8 WHEREAS the original intent of the forgiveness provision in the state
9 student loan program was to provide a nontaxable grant to the student;
10 WHEREAS many student loans made before July 1, 1987, are eligible for
11 up to 50 percent forgiveness under the state student loan program; and
12 WHEREAS the Internal Revenue Service is currently treating Alaska
13 student loans that are discharged through the forgiveness provision as
14 taxable income; and
15 WHEREAS state residents who benefited from the student loan program
16 were unaware of their tax liability and assumed that a forgiven student
17 loan was not subject to taxation under federal law; and
18 WHEREAS many students who have completed their education are now
19 facing the prospect of paying back taxes plus interest on amounts forgiven
20 in 1987 and 1988 on student loans; and
21 WHEREAS the Internal Revenue Service is currently interpreting the
22 Internal Revenue Code as imposing tax liability in a year in which the
23 student actually receives no cost saving from loan payments because of the
24 student's eligibility for forgiveness; and
25 WHEREAS the Congress is considering S. 1803 and H.R. 3518, both of
26 which would change the taxable status of student loans and allow loans that
27 are forgiven by this state to be excludable from gross income for purposes
28 of federal income taxation;
29 BE IT RESOLVED that the Alaska State Legislature urges the Congress to

1 consider and pass either S. 1803 or H.R. 3518, thereby allowing that por-
2 tion of a student loan made by this state that qualifies for forgiveness to
3 be excludable from gross income for purposes of federal income taxation.

4 COPIES of this resolution shall be sent to the Honorable George Bush,
5 President of the United States; the Honorable Dan Quayle, Vice-President of
6 the United States and President of the U.S. Senate; the Honorable Thomas S.
7 Foley, Speaker of the U.S. House of Representatives; to the Honorable Ted
8 Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable
9 Don Young, U.S. Representative, members of the Alaska delegation in Con-
10 gress; to the Honorable Fred T. Goldberg, Jr., Commissioner of the Internal
11 Revenue Service; and to the Honorable William G. Demmert, Commissioner of
12 the Alaska Department of Education.