

STATE OF ALASKA

THE LEGISLATURE

1990

Source

Legislative
Resolve No.

CSHJR 65 (HESS) am

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Relating to taxation of certain student loans.

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

WHEREAS the original intent of the forgiveness provision in the state student loan program was to provide a nontaxable grant to the student; and

WHEREAS many student loans made before July 1, 1987, are eligible for up to 50 percent forgiveness under the state student loan program; and

WHEREAS the Internal Revenue Service is currently treating Alaska student loans that are discharged through the forgiveness provision as taxable income; and

WHEREAS state residents who benefited from the student loan program were unaware of their tax liability and assumed that a forgiven student loan was not subject to taxation under federal law; and

WHEREAS many students who have completed their education are now facing the prospect of paying back taxes plus interest on amounts forgiven in 1987 and 1988 on student loans; and

WHEREAS the Internal Revenue Service is currently interpreting the Internal Revenue Code as imposing tax liability in a year in which the student actually receives no cost saving from loan payments because of the student's eligibility for forgiveness; and

WHEREAS the Congress is considering S. 1803 and H.R. 3518, both of which would change the taxable status of student loans and allow loans that are forgiven by this state to be excludable from gross income for purposes of federal income taxation;

BE IT RESOLVED that the Alaska State Legislature urges the Congress to consider and pass either S. 1803 or H.R. 3518, thereby allowing that portion of a student loan made by this state that qualifies for forgiveness to be excludable from gross income for purposes of federal income taxation; and be it

FURTHER RESOLVED that the Internal Revenue Service is urged to reconsider and reverse its decision that Alaska student loans discharged through the forgiveness program are taxable income.

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