

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SENATE BILL 373

52ND LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2015

INTRODUCED BY

Jacob R. Candelaria

AN ACT

RELATING TO TAXATION; CREATING A DEDUCTION FROM INCOME TAX FOR
INTEREST PAID ON A STUDENT LOAN.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. A new section of the Income Tax Act is enacted
to read:

"~~[NEW MATERIAL]~~ DEDUCTION--STUDENT LOAN INTEREST.--

A. A taxpayer who is not a dependent of another
individual and is entitled to claim the federal student loan
interest deduction provided by 26 U.S.C. Section 221 may claim
a deduction from net income in an amount equal to the amount of
student loan interest paid in a taxable year less the amount of
federal student loan interest deducted in that taxable year;
provided that the amount that may be deducted pursuant to this
section shall not exceed two thousand dollars (\$2,000). The

underscored material = new
~~[bracketed material] = delete~~

underscoring material = new
~~[bracketed material] = delete~~

1 deduction provided in this section may be referred to as the
2 "student loan interest deduction".

3 B. The purpose of the student loan interest
4 deduction is to speed the repayment of student loan debt owed
5 by taxpayers.

6 C. Married individuals filing separate returns for
7 a taxable year for which they could have filed a joint return
8 may each claim only one-half of the student loan interest
9 deduction that would have been claimed on a joint return.

10 D. A taxpayer allowed a deduction pursuant to this
11 section shall report the amount of the deduction to the
12 department in a manner required by the department.

13 E. The department shall compile an annual report on
14 the deduction provided by this section that shall include the
15 number of taxpayers that claimed the deduction, the aggregate
16 amount of deductions claimed and any other information
17 necessary to evaluate the effectiveness of the deduction.
18 Beginning in 2017 and every year thereafter that the deduction
19 is in effect, the department shall compile and present the
20 annual reports to the revenue stabilization and tax policy
21 committee and the legislative finance committee with an
22 analysis of the effectiveness and cost of the deduction and
23 whether the deduction is performing the purpose for which it
24 was created.

25 F. The department shall adopt rules establishing

.197762.2

underscoring material = new
~~[bracketed material] = delete~~

1 procedures for purposes of obtaining a deduction pursuant to
2 this section."

3 SECTION 2. APPLICABILITY.--The provisions of this act
4 apply to taxable years beginning on or after January 1, 2015.