

Second Regular Session  
Seventy-second General Assembly  
STATE OF COLORADO

DRAFT  
10.11.19

BILL 6

LLS NO. 20-0412.01 Ed DeCecco x4216

INTERIM COMMITTEE BILL

**Making Higher Education Attainable Interim Study Committee**

**BILL TOPIC: "Student Loan Interest Income Tax Deduction"**

**A BILL FOR AN ACT**

101 **CONCERNING THE CREATION OF AN INCOME TAX DEDUCTION FOR**  
102 **STUDENT LOAN INTEREST.**

**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)*

**Making Higher Education Attainable Interim Study Committee.** The starting point for determining state income tax liability is federal taxable income. This number is adjusted for additions and subtractions (deductions) that are used to determine Colorado taxable income, which amount is multiplied by the state income tax rate.

The bill allows an eligible individual to claim a deduction that is

*Capital letters or bold & italic numbers indicate new material to be added to existing statute.  
Dashes through the words indicate deletions from existing statute.*

equal to 25% of the federal income tax deduction for student loan interest that the individual claimed on his or her federal income tax return. An eligible individual is someone who is allowed the full federal deduction because his or her modified adjusted gross income is less than the income-based phase-out amount (\$65,000 for a single filer and \$135,000 for joint filers for 2018).

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1. Legislative declaration.** (1) The general assembly  
3 hereby finds and declares that:

4 (a) In 2018, sixty-nine percent of Coloradans who graduated with  
5 a bachelor's degree had student loan debt, which averaged more than  
6 twenty-five thousand dollars;

7 (b) More than seven hundred sixty-one thousand borrowers in this  
8 state owe twenty-six billion dollars in student debt;

9 (c) Colorado is nearly last in state aid for higher education per  
10 student;

11 (d) Many people have to delay home ownership, marriage, and  
12 parenthood due to massive student loan debt; and

13 (e) The purpose of the tax deduction created by this act is to help  
14 alleviate some of the burden from student loan debt.

15 **SECTION 2.** In Colorado Revised Statutes, 39-22-104, **add**  
16 (4)(z) as follows:

17 **39-22-104. Income tax imposed on individuals, estates, and**  
18 **trusts - single rate - legislative declaration - definitions - repeal.**

19 (4) There shall be subtracted from federal taxable income:

20 (z) (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER  
21 JANUARY 1, 2021, AN AMOUNT EQUAL TO TWENTY-FIVE PERCENT OF THE  
22 AMOUNT AN ELIGIBLE INDIVIDUAL CLAIMS ON THE INDIVIDUAL'S FEDERAL

1 INCOME TAX RETURN FOR THE TAXABLE YEAR UNDER SECTION 221 OF THE  
2 INTERNAL REVENUE CODE FOR INTEREST PAID ON A QUALIFIED EDUCATION  
3 LOAN.

4 (II) AS USED IN THIS SUBSECTION (4)(z), "ELIGIBLE INDIVIDUAL"  
5 MEANS AN INDIVIDUAL WHOSE ALLOWABLE DEDUCTION UNDER SECTION  
6 221 OF THE INTERNAL REVENUE CODE FOR THE TAXABLE YEAR IS NOT  
7 LIMITED UNDER SUBSECTIONS (b)(2) AND (f) OF SAID SECTION 221.

8 **SECTION 3. Act subject to petition - effective date.** This act  
9 takes effect at 12:01 a.m. on the day following the expiration of the  
10 ninety-day period after final adjournment of the general assembly (August  
11 5, 2020, if adjournment sine die is on May 6, 2020); except that, if a  
12 referendum petition is filed pursuant to section 1 (3) of article V of the  
13 state constitution against this act or an item, section, or part of this act  
14 within such period, then the act, item, section, or part will not take effect  
15 unless approved by the people at the general election to be held in  
16 November 2020 and, in such case, will take effect on the date of the  
17 official declaration of the vote thereon by the governor.