

Testimony

H.B. No. 5362 "An Act Concerning A Deduction From The Personal Income Tax For Student Loan Interest"

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Chairwoman Bye, Chairwoman Willis, and Honorable Members of the Higher Education and Employment Advancement Committee, thank you for this opportunity to testify in strong support of H.B. No. 5362.

I am in support of this bill and for what it means to the people who will be helped by it. College remains the accepted path for 68% of high school graduates, according to the Bureau of Labor Statistics. In 2010 the average student loan debt for a college student was \$25,250, up (34% from 2004) 5% from the previous year, according to a study by the Project on Student Debt. (the Department of Education also reports that 67% of graduates took out loans in 2008, up 27% from just four years earlier!) The total student debt we have in this country recently passed the \$1 Trillion mark. Some students who have debt over \$100,000 have to pay what is equivalent to a mortgage on a house every month. Other college graduates are having a difficult time finding work to pay off these loans in this weak economy. Student loan debt cannot be written off when you file for bankruptcy regardless of your financial situation.

These students had the mindset going into college that a degree will be their golden ticket towards a good paying job, but some find themselves stuck in minimum wage jobs paying off this debt that they will have to carry for many years to come. Some students aren't able to find a job at all. What this bill does is it gives an extra cushion for these students who already bear the weight of tremendous debt straight out of college. It would create a deduction from the state personal income tax for student loan debt. You may be able to deduct up to \$2,500 of the interest you paid on student loans on your individual tax returns. This mirrors the deduction you can already take at the federal level. Tuition continues to increase at colleges and universities, further adding to student loan debt. As the cost of a college degree continues to increase and student loan debt has skyrocketed, something must be done to ensure that a quality education remains within reach for all students.

According to the U.S. Department of Education (DOE), the average debt for graduating seniors with student loans in 2008 was \$23,200 – a 24% increase since 2004. DOE also reports that 67% of graduates (1.4 million) took out loans in 2008 – up 27% from 2004.

I thank you for your consideration of this bill.