HOUSE DOCKET, NO. 2372 FILED ON: 1/19/2023

HOUSE . . . . . No. 2784

The Commonwealth of Massachusetts

PRESENTED BY:

Peter J. Durant

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act promoting student loan repayment.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
Peter J. Durant	*6th Worcester*	*1/19/2023*
Joseph D. McKenna	*18th Worcester*	*1/19/2023*
Patrick Joseph Kearney	*4th Plymouth*	*2/16/2023*

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HOUSE . . . . . No. 2784

By Representative Durant of Spencer, a petition (accompanied by bill, House, No. 2784) of Peter J. Durant, Joseph D. McKenna and Patrick Joseph Kearney relative to taxation of student loan repayments. Revenue.

The Commonwealth of Massachusetts

In the One Hundred and Ninety-Third General Court
(2023-2024)

An Act promoting student loan repayment.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Paragraph (a) of Part B of section 3 of chapter 62 of the General Laws, as appearing in the 2020 Official Edition, is hereby amended by adding the following subparagraph:-

(19) An amount equal to the amount of student loan payment assistance received by an individual from their employer during the taxable year. For the purposes, of this subparagraph "student loan payment assistance" shall mean the payment of principal or interest on a qualified education loan, as defined in section 221 of the Code.

SECTION 2. Section 6 of said chapter 62, as so appearing, is hereby amended by adding the following subsection:-

(t)(1) As used in this subsection, the following words shall, unless the context clearly requires otherwise, have the following meanings:-

"Qualified education loan", as defined in section 221 of the Code.

"Qualified employee", with respect to a particular taxpayer, any individual who, under the usual common-law rules applicable in determining the employer-employee relationship, has the status of an employee of that taxpayer and who is domiciled in the commonwealth.

"Student loan payment assistance", the payment of principal or interest on a qualified education loan.

(2) Any business that provides student loan payment assistance to a qualified employee or directly to the holder of the employee's qualified education loan shall be allowed a credit against the tax liability imposed by this chapter in an amount equal to 100 per cent of the student loan assistance paid; provided however, that a credit under this section shall not exceed $4,500 dollars per qualified employee in any tax year.

(3) Credits under this subsection shall be allowed for the taxable year in which the student loan payment assistance is provided; provided, however, that in no taxable year may the amount of the credit allowed exceed the total tax due of the taxpayer for the relevant taxable year. A taxpayer allowed a credit pursuant to this subsection for a taxable year may carry over and apply against such taxpayer's tax liability in any of the succeeding 5 taxable years, the portion, as reduced from year to year, of those credits which exceed the tax for the taxable year.

SECTION 3. Chapter 63 of the General Laws is hereby amended by inserting after section 38FF the following section:-

Section 38GG. (a) As used in this section, the following words shall, unless the context clearly requires otherwise, have the following meanings:-

"Qualified education loan", as defined in section 221 of the Code.

"Qualified employee", with respect to a particular taxpayer, any individual who, under the usual common-law rules applicable in determining the employer-employee relationship, has the status of an employee of that taxpayer and who is domiciled in the commonwealth.

"Student loan payment assistance", the payment of principal or interest on a qualified education loan.

(b) A business corporation who provides student loan payment assistance to a qualified employee or directly to the holder of the employee's qualified education loan shall be allowed a credit against the tax liability imposed by this chapter in an amount equal to 100 per cent of the student loan assistance paid; provided, however, that a credit under this section shall not exceed $4,500 dollars per qualified employee in any tax year.

(c) The credit allowed in this section for any taxable year shall not reduce the excise to less than the amount due under subsection (b) of section 39, section 67 or any other applicable section.

(d) Credits under this subsection shall be allowed for the taxable year in which the student loan payment assistance is provided. A taxpayer allowed a credit under this subsection for a taxable year may carry over and apply against such taxpayer's tax liability in any of the succeeding 5 taxable years, the portion, as reduced from year to year, of those credits which exceed the tax for the taxable year.