

FILED JAN 8 '01

SENATE FILE 3  
BY MILLER

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to the deduction of interest paid on education  
2 loans under the individual income tax and including an  
3 effective and retroactive applicability date provision.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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WAYS & MEANS

1 Section 1. Section 422.7, Code 2001, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 36. Subtract, to the extent not otherwise  
4 deducted, the interest paid on any qualified education loan,  
5 as defined in section 221(e)(1) of the Internal Revenue Code.

6 Sec. 2. EFFECTIVE AND APPLICABILITY DATES. This Act,  
7 being deemed of immediate importance, takes effect upon  
8 enactment and applies retroactively to January 1, 2001, for  
9 tax years beginning on or after that date.

10 EXPLANATION

11 This bill provides for a deduction of all interest paid on  
12 qualified education loans under the individual income tax. A  
13 qualified education loan is an indebtedness incurred by a  
14 taxpayer to pay the higher education expenses of attending an  
15 eligible educational institution by the taxpayer or the  
16 taxpayer's spouse or dependent. An eligible educational  
17 institution is a postsecondary educational institution or an  
18 institution that conducts an internship or residency program  
19 leading to a degree or certificate awarded by a postsecondary  
20 educational institute, hospital, or health care facility that  
21 offers postgraduate training.

22 The bill takes effect upon enactment and applies  
23 retroactively to January 1, 2001, for tax years beginning on  
24 or after that date.

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