151st GENERAL ASSEMBLY
FISCAL NOTE

BILL:	**HOUSE BILL NO. 312**
SPONSOR:	**Representative Hensley**
DESCRIPTION:	**AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO PERSONAL INCOME TAX AND STUDENT LOAN INTEREST PAID.**

Assumptions:

1. This Act is effective upon signature by the Governor.

2. This Act provides Delaware resident taxpayers with a personal income tax credit for interest paid on student loans in an amount of up to $500 per year.

3. As defined in the Act, a student loan is:
   - an educational loan made, insured, or guaranteed by a governmental unit, or made under any program funded in whole or in part by a governmental unit or nonprofit institution; or
   - an obligation to repay funds received as an educational benefit, scholarship, or stipend; or
   - another educational loan that is a qualified education loan, as defined in Section 221(d)(1) of the Internal Revenue Code of 1986, incurred by a borrower who is an individual.

4. According to Federal Reserve data, approximately 90,000 adult Delawareans have student loans. Using State tax data, the Department of Finance estimates 14% of these borrowers had no tax liability and another 16% had less than $500 in tax liability.

5. The revenue loss estimates assume that only the borrower would have student loan interest expense during the year.

6. The Fiscal Year 2023 revenue loss is reduced by the current federal moratorium on student loan payments which is scheduled to expire May 1, 2022. The Fiscal Year 2024 and Fiscal Year 2025 revenue loss estimates assume a full year of loan payments by borrowers.

Cost:	**General Fund Revenue Loss:**
Fiscal Year 2023:	$26.9 million
Fiscal Year 2024:	$40.7 million
Fiscal Year 2025:	$40.7 million

Prepared by Robert Scoglietti
Office of the Controller General