

STATE OF OKLAHOMA

2nd Session of the 50th Legislature (2006)

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 2072

By: Cargill

COMMITTEE SUBSTITUTE

An Act relating to revenue and taxation; enacting the Retain Brain Act; authorizing tax credit equal to loan payments made for educational debt; providing for eligibility for credit; limiting amount of credit; limiting number of payments eligible for credit; graduating percentage of payments eligible for calculation of credit; requiring claimant to be in good standing to claim credit; defining term; providing for codification; providing for noncodification; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law not to be codified in the Oklahoma Statutes reads as follows:

This act shall be known and may be cited as the "Retain Brain Act."

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.105 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. For taxable years beginning after December 31, 2006, there shall be allowed against the tax imposed by Section 2355 of Title 68 of the Oklahoma Statutes, a credit equal to the amount paid by an individual for the repayment of principal or interest or both of indebtedness incurred for the cost of the individual to attend an accredited four-year college or university.

B. An individual shall only be eligible for the credit provided in subsection A of this section if the person has received an undergraduate or graduate degree from an accredited four-year college or university.

C. In no event shall the amount of the credit provided for in subsection A of this section for an individual exceed Five Thousand Dollars (\$5,000.00) per taxable year.

D. Only the first forty-eight (48) payments made by an individual in repayment of principal or interest or both of indebtedness incurred for the cost of the individual to attend an accredited four-year college or university shall be eligible for the credit provided for in subsection A of this section.

E. The amount of the credit shall be:

1. One hundred percent (100%) for the first year;
2. Seventy-five percent (75%) for the second year;
3. Fifty percent (50%) for the third year; and
4. Twenty-five percent (25%) for the fourth year.

F. An individual may only claim the credit provided for in subsection A of this section if the individual was current on the repayment of the indebtedness at the end of the taxable year for which the credit is claimed.

G. As used in this section, "indebtedness" means a guaranteed student loan, a loan extended by a private financial institution, or other form of credit for which the credit claimant is legally obligated to repay and is used to pay for the costs of tuition, books, and supplies to attend an accredited four-year college or university.

SECTION 2. This act shall become effective January 1, 2007.

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