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| PREVAILED | Roll Call No. _____ |
| FAILED | Ayes _____ |
| WITHDRAWN | Noes _____ |
| RULED OUT OF ORDER | |

HOUSE MOTION _____

MR. SPEAKER:

I move that Engrossed Senate Bill 459 be amended to read as follows:

1 Page 1, between lines 14 and 15, begin a new paragraph and insert:
2 "SECTION 2. IC 6-3-2-21 IS ADDED TO THE INDIANA CODE
3 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
4 JANUARY 1, 2005 (RETROACTIVE)]: **Sec. 21. (a) As used in this**
5 **section, "student loan" refers to a qualified education loan (as**
6 **defined in Section 221 of the Internal Revenue Code).**
7 **(b) Subject to subsection (d), in each taxable year, an individual**
8 **who is obligated to repay a student loan may deduct in computing**
9 **the individual's adjusted gross income the amount determined**
10 **under STEP TWELVE of the following formula:**
11 **STEP ONE: Determine the total amount of payments paid by**
12 **the individual with respect to the individual's student loans**
13 **during the taxable year.**
14 **STEP TWO: Determine the part of the STEP ONE result that**
15 **is attributable to interest and other financing charges.**
16 **STEP THREE: Subtract the STEP TWO result from the**
17 **STEP ONE result to determine the part of the STEP ONE**
18 **result attributable to principal.**
19 **STEP FOUR: Determine the part of the STEP TWO result**
20 **deducted by the individual in computing the individual's**
21 **federal adjusted gross income under Section 62 of the Internal**
22 **Revenue Code.**
23 **STEP FIVE: Subtract the STEP FOUR result from the STEP**
24 **TWO result.**

- 1 **STEP SIX: Determine the initial outstanding principal**
2 **balance on the student loan as of the expiration of the most**
3 **recent grace period following the final date of attendance at**
4 **the most recently attended institution of higher education. In**
5 **the case of a husband and wife filing a joint return, determine**
6 **this amount independently for each individual, and add the**
7 **two (2) amounts.**
- 8 **STEP SEVEN: Determine the part of the STEP SIX amount**
9 **deducted by the individual in computing the individual's**
10 **federal adjusted gross income under Section 62 of the Internal**
11 **Revenue Code in the current and any prior taxable years.**
- 12 **STEP EIGHT: Divide the STEP SEVEN result by the STEP**
13 **SIX result, rounding to the nearest one thousandth (0.001).**
- 14 **STEP NINE: Subtract the STEP EIGHT result from one (1).**
- 15 **STEP TEN: Multiply the STEP THREE result by the STEP**
16 **NINE result.**
- 17 **STEP ELEVEN: Add the STEP FIVE result and the STEP**
18 **TEN result.**
- 19 **STEP TWELVE: Determine the lesser of the following:**
- 20 **(A) The STEP ELEVEN result.**
- 21 **(B) Two thousand dollars (\$2,000).**
- 22 **(c) A husband and wife filing a joint adjusted gross income tax**
23 **return for a particular taxable year may not claim a deduction**
24 **under this section of more than two thousand dollars (\$2,000) in**
25 **any taxable year.**
- 26 **(d) An individual may not claim the deduction provided by this**
27 **section for more than ten (10) taxable years during the individual's**
28 **lifetime. For purposes of applying this subsection to an individual**
29 **who files a joint return with the individual's spouse, the question of**
30 **whether a joint return counts toward each spouse's lifetime**
31 **allotment is determined independently for each spouse with**
32 **reference to the underlying student loan. A joint return on which**
33 **the deduction provided by this section is claimed counts towards a**
34 **spouse's lifetime allotment only to the extent that the spouse is**
35 **obligated to repay some part of the underlying student loan**
36 **payments that are being deducted."**
- 37 Page 6, between lines 35 and 36, begin a new paragraph and insert:
38 "SECTION 8. [EFFECTIVE JANUARY 1, 2005
39 (RETROACTIVE)] IC 6-3-2-21, as added by this act, applies only
40 to taxable years beginning after December 31, 2004."

- 1 Page 6, after line 38, begin a new paragraph and insert:
- 2 "SECTION 10. **An emergency is declared for this act.**".
- 3 Renumber all SECTIONS consecutively.
(Reference is to ESB 459 as printed March 25, 2005.)

Representative Van Haften