

For Immediate Release

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Grassley works to build on success of tax relief for education

Laws authored by senator have delivered more than \$257 million to Iowans since 2002

WASHINGTON --- Senator Chuck Grassley is introducing legislation today to make permanent a number of education-related tax relief initiatives he's spearheaded, which have delivered an estimated \$257 million in savings to Iowans so far.

Grassley made affordable education a priority from the first hearing of the Senate's tax-writing Finance Committee when he became the committee leader in 2001, and he had been a leader in establishing the tax deductibility of interest on student loans in the 1990s. As chairman of the Finance Committee, Grassley got legislation passed that removed the 60-payment limit for deducting student loan interest and increased the income limits, expanded tax-free college savings accounts for parents and family members, and created the first-ever tax deduction for college tuition.

"These tax policies and many others, including those for school renovations, repairs and construction, have proven their value to Iowa students in dollars and cents, year after year," Grassley said. "The tax relief has delivered measureable educational assistance to Iowans, making education more affordable and accessible. The bill I'm introducing today builds on that success and would mean more opportunities for Iowans, and students and families nationwide, for years to come."

The bill Grassley will introduce today would make permanent and, in some cases, expand the laws he authored or played a vital role in enacting into law. These provisions include:

Making permanent all the education tax provisions in the 2001 tax relief bill:

- elimination of a 60-month limit and increase on income limitation on the student loan interest deduction;
- the above-the-line deduction for higher education expenses;
- the exclusion for employer-provided educational assistance;
- the \$2,000 contribution limit and income phase-out limits for Education Savings Accounts;
- the ability to claim the Hope and Lifetime tax credit in the same year the taxpayer claims an exclusion from an Education Savings Account;
- exclusion of assistance received under the National Health Service Corps Scholarship Program and the F. Edward Herbert Armed Forces Health Professional Scholarship and Financial Assistance Program.

Making permanent other Grassley led provisions:

- the deduction for classroom supplies and related expenses of elementary and secondary school teachers, better known as the school teacher deduction;

- qualified-zone academy bonds which can be used for school renovations and repairs, except new construction. The effect of the tax credit is that schools save up to 50 percent of the costs of such improvement projects.
- qualified school-construction bonds which offer tax credits in place of interest payments.
- computer technology and equipment allowed as a qualified higher education expense for Section 529 accounts.

Making permanent and expanding:

- the American Opportunity Tax Credit for education. Grassley's bill today would increase the tax credit amount from \$2,500 to \$3,000 and make it permanent policy.

Grassley is also working to extend the tax provisions he authored for students affected by the 2008 flood disaster. That legislation provided \$121 million in education assistance to students attending undergraduate or graduate institutions affected by the Midwestern floods, benefiting Iowa students directly. The law that Grassley got passed last fall, despite opposition from the Speaker of the House and other congressional leaders, doubled the Hope Credit dollar amounts for affected students, so the maximum credit would be \$3,000, and doubled the Lifetime Learning Credit percentage from 20 percent to 40 percent, for a maximum Lifetime Learning Credit of \$4,000 for students attending undergraduate or graduate institutions in the Midwestern disaster area.

Grassley said he will work to have lawmakers consider his legislation to make good policies permanent and extend emergency assistance, as Congress moves forward to extend other expiring tax provisions.