RESOLUTION OF THE SENATE
OF
THE ASSOCIATED STUDENTS OF MONTANA STATE UNIVERSITY

Adopted 16 November 2017

Whereas, Montana State University was endowed as a land-grant institution under the Morrill Act of 1862 with regular funding provided by the Morrill Act of 1890; and,

Whereas, Montana State University, as of Fall 2017, has an enrollment of 16,703 students including 14,725 undergraduate students and 1,978 graduate students\(^1\); and,

Whereas, 64% of undergraduate students at Montana State University took on student loans in 2014\(^2\); and,

Whereas, The average student loan debt upon receipt of a baccalaureate degree among those who borrowed was $26,440 in 2014\(^2\); and,

Whereas, Current tax code as laid out in 26 U.S.C. § 221(a) stipulates that, “There shall be allowed as a deduction for the taxable year an amount equal to the interest paid by the taxpayer during the taxable year on any qualified education loan.”\(^3\); and,

Whereas, The proposed tax bill, H.R.1 or the “Tax Cuts and Jobs Act”, heretofore referred to as the “Bill”, proposes eliminating deductions for student loan interest accrued\(^4\); and,

Whereas, Federal Direct Unsubsidized Loans and Federal Direct Subsidized Loans have a fixed interest rate of 4.45% for undergraduate students, reflecting interest accrued of greater than $1,100 annually on average accrued debt\(^2\); and,

Whereas, removing the provisions for deductions of accrued student loan interest reflect an increase of taxable income of $1,100, on average; and,
Sen. Res. 2017-R-20

Whereas, Graduate students at Montana State University are eligible for tuition waivers in addition to stipends; and,

Whereas, Current tax code as laid out in 26 U.S.C. § 117(d)(1) stipulates that, “Gross income shall not include any qualified tuition reduction.”; and,

Whereas, The Bill proposes taxing tuition waivers as normal income; and,

Whereas, Taxing tuition waivers as normal income would reflect an increase in the taxable income of graduate students of $4,072.25 for Montana residents and $12,568.25 for non-residents for financial year 2018; and,

Whereas, Financial stability and the freedoms therein are critical to student success; and,

Whereas, Financial hardship is cited among the top causes of failure to complete a degree; and,

Whereas, The aforementioned proposals in the Bill would increase the tax burden on students, decreasing their post-tax income; and,

Whereas, It is within the powers of Congress to amend the Bill to reflect the needs of their constituents; therefore, be it

Resolved, That the students of Montana State University urge Congress to amend the “Tax Cuts and Jobs Act” such that student loan interest accrued remains tax-deductible and tuition waivers for graduate students remain tax-free, with the express goal of avoiding undue additional financial burden for students of higher education.

Theodore Grover – Senate Speaker
Citations


Interest on education loans. (2016). *U.S. Code Title 26, Sec. 221*.


Qualified scholarships. (2016). *U.S. Code Title 26, Sec. 117*.

