

WASHINGTON - Congressman Lee Terry (R-NE) today introduced legislation to end the marriage penalty in the U.S. Tax Code related to the deduction of student loan interest.

Currently, individual taxpayers are allowed to deduct \$2,500 in student loan interest from their taxes each year. However, once a taxpayer marries, the married couple is only allowed to deduct the same amount - \$2,500 - regardless of whether both spouses are paying back individual student loans.

The "Married Student Debt Relief Act" would double the student loan interest tax deduction to \$5,000 for married couples who file a joint tax return when both spouses hold student debt.

"The inequity was brought to my attention by Mike Currans of Omaha in an e-mail he sent to my office in January," Terry said. "The student loan deduction illustrates other unfairness in the Tax Code such as the need to totally eliminate the marriage penalty for joint filers with two incomes.

"This issue hit home because student loans and the interest deduction are great tools to help more people afford higher education, but couples should not be penalized simply because they are married," Terry said.

Mike Currans of Omaha said that he and his wife each took out student loans as they worked on undergraduate and juris doctorate degrees. They graduated from the University of Iowa law school and married in 2000.

"I am sure for many married lawyer couples, the student loan interest deduction is a non-issue due to the phase-out at higher incomes, but for us, it is still an important deduction," Currans said. "My wife and I have struggled to understand the rationale for not allowing married couples to each take advantage of the student loan interest deduction to the same extent as two unmarried individuals. We've joked on occasion about how we'd have been better off from a tax perspective if we'd just remained unmarried, lived together, and filed separate tax returns until our student loans were paid off. I doubt most couples would actually

choose to live that way just for the additional student loan interest deduction. Nonetheless, why should a married couple be treated differently than two individual taxpayers?"

Terry has also introduced the comprehensive "Parents' Tax Relief Act of 2007" that includes a provision to eliminate the marriage penalty on student loan interest tax deductibility. The "Parents' Tax Relief Act" would also eliminate the marriage penalty tax, make permanent the child tax credit, encourage telecommuting and extend the Dependent Care Tax Credit to stay-at-home parents with young children.

