



Dan Bucks  
Director

# Montana Department of Revenue



Brian Schweitzer  
Governor

**To:** Chairman Jim Elliott, Senate Taxation Committee  
**From:** Shona McHugh, Individual & Withholding Tax Bureau Chief  
**Date:** January 25, 2005  
**Re:** SB 219 – Income Tax Credit Related to Repayment of Certain Student Loans

SENATE TAXATION

EXHIBIT NO. 3

DATE 1-26-05

BILL NO. SB 219

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**The following is provided in response to a question that Senator Gillan raised during the Senate Taxation committee hearing held on Friday, January 21:**

Senator Gillan inquired if there would be confidentiality issues related to the administration of this credit. After an additional review of the bill and a discussion with representatives of the Montana Guaranteed Student Loan Program, *we have determined that there would be none.*

As set forth in New Section 2 (Subsection 4), the taxpayer is required to provide to the department, on a form provided by the department, documentation of the amount of the loan repaid in any tax year for which a credit is claimed.

Subsection 8 further states that the department shall adopt rules that are necessary to implement and administer this credit. In adopting rules, the department shall, in consultation with the Montana guaranteed student loan program, develop procedures to monitor student loan payments made by a taxpayer claiming the credit.

Due to the confidentiality provisions set forth in Montana Code Annotated Section 15-30-303, the Department of Revenue (DOR) would not be able to provide a list of the taxpayers reporting the credit, as well as the amount of credit, to the Montana Guaranteed Student Loan Program, or any other department/agency, for verification. However, it was determined that the Montana Guaranteed Student Loan Program could submit the necessary information to the DOR to satisfy any audit requirements that we would have to monitor any "defaulted" student loan payments.

We would also require sufficient information on the form to be provided by the taxpayer to the DOR to limit any additional information or verification required for auditing purposes.

If you should have any additional questions regarding this issue, I would be happy to respond.