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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 754

01/23/2023 Authored by Her The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; individual income; establishing a subtraction for certain student
1.3 loan discharges; amending Minnesota Statutes 2022, section 290.0132, subdivision
1.4 24.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2022, section 290.0132, subdivision 24, is amended to read:

1.7 Subd. 24. ~~Discharge of indebtedness; education loans~~ Student loan discharges. (a)

1.8 The ~~amount equal to the discharge of indebtedness of the~~ qualified student loan discharge
1.9 of a taxpayer is a subtraction if:

1.10 (1) ~~the indebtedness discharged is a qualified education loan; and~~

1.11 (2) ~~the indebtedness was discharged under section 136A.1791, or following the taxpayer's~~
1.12 ~~completion of an income-driven repayment plan.~~

1.13 (b) ~~For the purposes of this subdivision, "qualified education loan" has the meaning~~
1.14 ~~given in section 221 of the Internal Revenue Code.~~

1.15 (c) ~~For purposes of this subdivision, "income-driven repayment plan" means a payment~~
1.16 ~~plan established by the United States Department of Education that sets monthly student~~
1.17 ~~loan payments based on income and family size under United States Code, title 20, section~~
1.18 ~~1087e, or similar authority and specifically includes, but is not limited to:~~

1.19 (b) For the purposes of this subdivision, "qualified student loan discharge" means a
1.20 discharge of indebtedness eligible for the exclusion from gross income under section 9675
1.21 of Public Law 117-2. A discharge of indebtedness that occurred after December 31, 2025,

2.1 but otherwise qualifies for the exclusion under that section is a qualified student loan
2.2 discharge.

2.3 (c) "Qualified student loan discharge" includes but is not limited to a discharge of
2.4 indebtedness under:

2.5 (1) the income-based repayment plan under United States Code, title 20, section 1098e;

2.6 (2) the income contingent repayment plan established under United States Code, title
2.7 20, section 1087e, subsection (e); ~~and~~

2.8 (3) the PAYE program or REPAYE program established by the Department of Education
2.9 under administrative regulations; and

2.10 (4) section 136A.1791.

2.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
2.12 31, 2022.