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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 1504

02/22/2021 Authored by Davids
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; allowing a subtraction for federally
1.3 discharged student loans; amending Minnesota Statutes 2020, section 290.0132,
1.4 subdivision 24.

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

1.6 Section 1. Minnesota Statutes 2020, section 290.0132, subdivision 24, is amended to read:

1.7 Subd. 24. Discharge of indebtedness; education loans. (a) The amount equal to the
1.8 discharge of indebtedness of the taxpayer is a subtraction if:

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

1.10 (2) the indebtedness was discharged as part of a federal loan forgiveness program or
1.11 under section 136A.1791, or following the taxpayer's completion of an income-driven
1.12 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 (1) the income-based repayment plan under United States Code, title 20, section 1098e;

1.20 (2) the income-contingent repayment plan established under United States Code, title
1.21 20, section 1087e, subsection (e); and

2.1 ~~(3) the PAYE program or REPAYE program established by the Department of Education~~
2.2 ~~under administrative regulations.~~

2.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
2.4 31, 2020.