

SENATE  
STATE OF MINNESOTA  
NINETY-SECOND SESSION

S.F. No. 1323

(SENATE AUTHORS: NELSON)

DATE  
02/22/2021

D-PG  
492

Introduction and first reading  
Referred to Taxes

OFFICIAL STATUS

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.