

HOUSE No. 3030

The Commonwealth of Massachusetts

PRESENTED BY:

Steven C. Owens

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act to exempt taxes of forgiven student debt and encourage contributions to student tuition accounts.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Steven C. Owens</i>	<i>29th Middlesex</i>	<i>2/12/2021</i>
<i>Lindsay N. Sabadosa</i>	<i>1st Hampshire</i>	<i>2/18/2021</i>
<i>Brian W. Murray</i>	<i>10th Worcester</i>	<i>2/24/2021</i>
<i>Adam J. Scanlon</i>	<i>14th Bristol</i>	<i>2/26/2021</i>
<i>James K. Hawkins</i>	<i>2nd Bristol</i>	<i>2/26/2021</i>
<i>James B. Eldridge</i>	<i>Middlesex and Worcester</i>	<i>2/26/2021</i>
<i>Carmine Lawrence Gentile</i>	<i>13th Middlesex</i>	<i>5/26/2021</i>

HOUSE No. 3030

By Mr. Owens of Watertown, a petition (accompanied by bill, House, No. 3030) of Steven C. Owens and others relative to tax exemptions of certain forgiven student debt and tax credits for contributions to student tuition accounts. Revenue.

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Second General Court
(2021-2022)**

An Act to exempt taxes of forgiven student debt and encourage contributions to student tuition accounts.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Subsection (a)(2) of section 2 of chapter 62 of the General Laws is hereby
2 amended by adding the following subparagraphs:

3 (R) To the extent not otherwise excluded from gross income, in whole or in part, income
4 attributable to the discharge of student debt that includes:

5 (i) Debt reduced or discharged through the federal Public Service Loan Forgiveness
6 Program or similar program;

7 (ii) Debt reduced or discharged that is the result of an income-driven repayment plan,
8 such as Income Based Repayment (IBR), Income Contingent Repayment (ICR), Pay as You
9 Earn (PAYE), or Revised Pay as You Earn (REPAYE), or similar programs;

10 (iii) Debt reduced or discharged by any program that reduces the debt due to disability;

11 (iv) Debt reduced or discharged because of the death of the student or former student or a
12 guarantor of a student loan;

13 (v) Debt reduced or discharged by any federal or state program that forgives or
14 discharges student loan debt, or student loans or fees, for school closure or for any other reason
15 attributable to the actions or conditions of the school;

16 (vi) Debt reduced or discharged by any federal or state program that forgives or
17 discharges student loan debt or student loans or fees.

18 (S) Amounts received by an employee paid by the employer as contributions to a prepaid
19 tuition program or college savings program established by the commonwealth or any
20 instrumentality or authority thereof held by the employee if the contributions are made pursuant
21 to section 82 of chapter 63 of the General Laws.

22 SECTION 2. Chapter 63 of the General Laws is hereby amended by inserting after
23 section 81 the following section:

24 Section 82. A taxpayer who, during the taxable year, makes a contribution to a prepaid
25 tuition program or college savings program established by the commonwealth or any
26 instrumentality or authority thereof in an amount matching a contribution to said programs made
27 in the same taxable year by any employee of the taxpayer whose income does not exceed 200 per
28 cent of the federal poverty level shall be allowed a credit against the tax liability imposed under
29 this chapter in an amount equal to 25 per cent of that matching contribution, but not to exceed
30 \$1,000 per contributing employee per taxable year. For partners, shareholders of Subchapter S
31 corporations, and owners of limited liability companies, if the liability company is treated as a
32 partnership for purposes of federal and State income taxation, there is allowed a credit pursuant

33 to this section to be determined in accordance with the determination of income and distributive
34 share of income according to this chapter and Subchapter S of the Internal Revenue Code. If the
35 amount of the credit exceeds the tax liability for the year, the excess may be carried forward and
36 applied to the tax liability of the 5 taxable years following the excess credit year. The tax credit
37 shall be applied to the earliest year for which there is a tax liability. If there are credits for more
38 than one year that are available to offset a liability, the earlier credit shall be applied first.

39 SECTION 3. This Act shall apply to discharges of indebtedness occurring on or after
40 January 1, 2021 and for tax years commencing on or after January 1, 2022.