

VETO MESSAGE: No

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end

(CORRECTED COPY)

P.L. 2022, CHAPTER 125, *approved December 5, 2022*
Assembly, No. 655

1 AN ACT concerning the gross income tax treatment of certain
2 discharged student loan indebtedness of disabled veterans and
3 supplementing chapter 6 of Title 54A of the New Jersey Statutes.
4

5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*
7

8 1. Gross income shall not include amounts discharged through
9 the Total and Permanent Disability discharge process of the United
10 States Department of Education for student loan indebtedness of a
11 taxpayer who is a totally and permanently disabled veteran. As
12 used herein, “totally and permanently disabled veteran” means an
13 individual who has been determined by the United States
14 Department of Veterans Affairs to have a service-connected
15 disability that is 100 percent disabling or to be totally disabled
16 based on an individual unemployability rating.
17

18 2. This act shall take effect immediately.
19
20

21 STATEMENT
22

23 This bill codifies the current New Jersey gross income tax
24 treatment of a specific type of cancellation of debt. Under current
25 law, discharge of indebtedness is not subject to New Jersey gross
26 income tax and is not reportable by the taxpayer.

27 This bill would codify that treatment as it applies specifically to
28 certain federal student loan indebtedness of a disabled veteran who
29 has had that debt discharged through the Total and Permanent
30 Disability discharge program of the U.S. Department of Education.
31 Cancellation of debt, including amounts discharged through the
32 federal Total and Permanent Disability discharge program, is not
33 currently subject to New Jersey gross income tax.

34 Total and Permanent Disability discharge relieves individuals
35 who can demonstrate that they are totally and permanently disabled
36 from having to repay certain federal student loans or comply with
37 certain teaching obligations associated with certain federal grants.
38
39
40

A655

2

- 1 Exempts discharge of student loan debt of certain veterans
- 2 through the federal Total and Permanent Disability discharge
- 3 process from taxation under the gross income tax.

ASSEMBLY, No. 655

STATE OF NEW JERSEY

220th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2022 SESSION

Sponsored by:

Assemblyman ANTHONY S. VERRELLI

District 15 (Hunterdon and Mercer)

Assemblyman BENJIE E. WIMBERLY

District 35 (Bergen and Passaic)

Assemblyman RONALD S. DANCER

District 12 (Burlington, Middlesex, Monmouth and Ocean)

Co-Sponsored by:

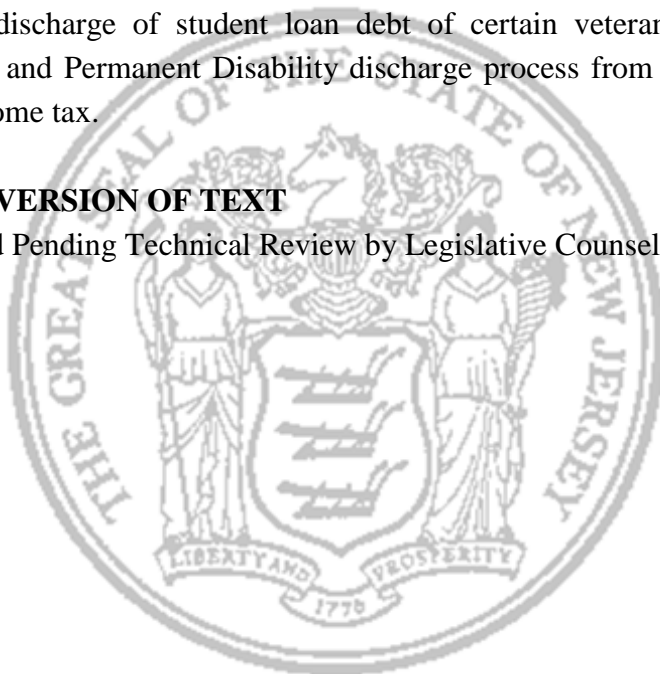
Assemblywoman Gove, Assemblymen Rumpf, Caputo, Assemblywoman Reynolds-Jackson, Assemblymen Daniels, Mejia, Conaway, Mukherji, Bergen, Wirths, Space, Benson, Assemblywomen Murphy, Tucker, Assemblyman Freiman, Assemblywomen Lopez, Swain and Assemblyman Tully

SYNOPSIS

Exempts discharge of student loan debt of certain veterans through the federal Total and Permanent Disability discharge process from taxation under the gross income tax.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT concerning the gross income tax treatment of certain
2 discharged student loan indebtedness of disabled veterans and
3 supplementing chapter 6 of Title 54A of the New Jersey Statutes.
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34 Total and Permanent Disability discharge relieves individuals
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36 from having to repay certain federal student loans or comply with
37 certain teaching obligations associated with certain federal grants.

ASSEMBLY MILITARY AND VETERANS' AFFAIRS
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 655

STATE OF NEW JERSEY

DATED: FEBRUARY 7, 2022

The Assembly Military and Veterans' Affairs Committee reports favorably Assembly Bill No. 655.

This bill codifies the current New Jersey gross income tax treatment of a specific type of cancellation of debt. Under current law, discharge of indebtedness is not subject to New Jersey gross income tax and is not reportable by the taxpayer.

This bill would codify that treatment as it applies specifically to certain federal student loan indebtedness of a disabled veteran who has had that debt discharged through the Total and Permanent Disability discharge program of the U.S. Department of Education. Cancellation of debt, including amounts discharged through the federal Total and Permanent Disability discharge program, is not currently subject to New Jersey gross income tax.

Total and Permanent Disability discharge relieves individuals who can demonstrate that they are totally and permanently disabled from having to repay certain federal student loans or comply with certain teaching obligations associated with certain federal grants.

This bill was pre-filed for introduction in the 2022-2023 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

SENATE MILITARY AND VETERANS' AFFAIRS
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 655

STATE OF NEW JERSEY

DATED: OCTOBER 6, 2022

The Senate Military and Veterans Affairs Committee reports favorably Assembly Bill No. 655.

This bill codifies the current New Jersey gross income tax treatment of a specific type of cancellation of debt. Under current law, discharge of indebtedness is not subject to New Jersey gross income tax and is not reportable by the taxpayer.

This bill would codify that treatment as it applies specifically to certain federal student loan indebtedness of a disabled veteran who has had that debt discharged through the Total and Permanent Disability discharge program of the U.S. Department of Education. Cancellation of debt, including amounts discharged through the federal Total and Permanent Disability discharge program, is not currently subject to New Jersey gross income tax.

Total and Permanent Disability discharge relieves individuals who can demonstrate that they are totally and permanently disabled from having to repay certain federal student loans or comply with certain teaching obligations associated with certain federal grants.

This bill is not to be construed as to include other forms of debt cancellation as taxable income.

SENATE, No. 3051

STATE OF NEW JERSEY 220th LEGISLATURE

INTRODUCED SEPTEMBER 22, 2022

Sponsored by:

Senator VIN GOPAL

District 11 (Monmouth)

Senator VINCENT J. POLISTINA

District 2 (Atlantic)

Senator ANDREW ZWICKER

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Co-Sponsored by:

Senators Cruz-Perez, Madden, O'Scanlon and Singleton

SYNOPSIS

Exempts discharge of student loan debt of certain veterans through the federal Total and Permanent Disability discharge process from taxation under the gross income tax.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 10/17/2022)

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2 discharged student loan indebtedness of disabled veterans and
3 supplementing chapter 6 of Title 54A of the New Jersey Statutes.
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37 certain teaching obligations associated with certain federal grants.

SENATE MILITARY AND VETERANS' AFFAIRS
COMMITTEE

STATEMENT TO

SENATE, No. 3051

STATE OF NEW JERSEY

DATED: OCTOBER 6, 2022

The Senate Military and Veterans Affairs Committee reports favorably Senate Bill No. 3051.

This bill codifies the current New Jersey gross income tax treatment of a specific type of cancellation of debt. Under current law, discharge of indebtedness is not subject to New Jersey gross income tax and is not reportable by the taxpayer.

This bill would codify that treatment as it applies specifically to certain federal student loan indebtedness of a disabled veteran who has had that debt discharged through the Total and Permanent Disability discharge program of the U.S. Department of Education. Cancellation of debt, including amounts discharged through the federal Total and Permanent Disability discharge program, is not currently subject to New Jersey gross income tax.

Total and Permanent Disability discharge relieves individuals who can demonstrate that they are totally and permanently disabled from having to repay certain federal student loans or comply with certain teaching obligations associated with certain federal grants.

This bill is not to be construed as to include other forms of debt cancellation as taxable income.

Governor Murphy Takes Action on Legislation

12/5/2022

TRENTON – Today, Governor Murphy signed the following bill into law:

A-655/S-3051 (Verrelli, Wimberly, Dancer/Gopal, Polistina, Zwicker) - Exempts discharge of student loan debt of certain veterans through the federal Total and Permanent Disability discharge process from taxation under the gross income tax