

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

FILED SENATE
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PRINCIPAL CLERK

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SENATE BILL DRS45395-Nif-171

Short Title: Student Tax Reduction (STAR) Act. (Public)

Sponsors: Senators Smith and Grafstein (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED
AN ACT TO ELIMINATE THE TAX BURDEN ON STUDENT DEBT RELIEF.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-153.5(c2) reads as rewritten:

"(c2) Decoupling Adjustments. – In calculating North Carolina taxable income, a taxpayer must make the following adjustments to the taxpayer's adjusted gross income:

...

(22) ~~For taxable years 2021 through 2025, a taxpayer must add an amount equal to the amount by which the taxpayer's exclusion from the taxpayer's gross income for the discharge of a student loan under section 108(f)(5) of the Code exceeds the exclusion that would have been allowed under the Internal Revenue Code as enacted as of May 1, 2020. The purpose of this subdivision is to decouple from the exclusion from income for the discharge of a student loan under section 9675 of the American Rescue Plan Act of 2021. If the taxpayer is insolvent, as defined in section 108(d)(3) of the Code, then the addition required under this subdivision is limited to the amount of discharge of student loan indebtedness excluded from adjusted gross income under section 108(f)(5) of the Code that exceeds the amount of discharge of indebtedness that would have been excluded under section 108(a)(1)(B) of the Code.~~

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SECTION 2. This act is effective for taxable years beginning on or after January 1, 2025.



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