

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.