

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2023

FILED SENATE  
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S.B. 812  
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:

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

3 The General Assembly of North Carolina enacts:

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

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

7 ...

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

21 ...."

22 **SECTION 2.** This act is effective for taxable years beginning on or after January 1,  
23 2025.



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