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in the Empire State.

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*By Geoff Herbert, Syracuse.com (TNS)*

President Joe Biden's plan to forgive student loan debt for millions of Americans could still come with a cost for borrowers in a dozen states, but New York won't be one of them.

Jared Walczak, the vice president of state projects for the Center for State Tax Policy at the think tank [Tax Foundation](#), said Thursday such loan forgiveness is

generally considered to be equivalent to income and is therefore taxable. According

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“The last thing we want to do is eat into people’s benefit and require them to dip into their pockets to actually pay,” Gianaris told the Gothamist. Walczak’s preliminary analysis Thursday found a maximum state liability between \$300 and \$1,100 in 13 states, including Arkansas, Hawaii, Idaho, Kentucky, Massachusetts, Minnesota, Mississippi, New York, Pennsylvania, South Carolina, Virginia, West Virginia and Wisconsin.

Biden [announced](#) on Wednesday that the federal government will forgive up to \$10,000 in student loans for individuals making less than \$125,000 per year (or families earning less than \$250,000 annually) and up to \$20,000 for those who received a Pell Grant to attend college. People who made payments during the Covid pandemic’s student loan pause are also [eligible for a refund](#).

According to [CNBC](#), the federal tax code generally treats forgiven debt as income, but the American Rescue Plan signed by Biden in 2021 included a measure that would exempt canceled student debt from taxation through 2025. Not all states follow the federal government in excluding debt forgiveness, so residents in those 13 states may owe taxes—and double if they receive the full \$20,000 in relief for Pell Grants.

Walczak told CNBC that states will need to issue guidance in the coming weeks on how to treat the debt relief. There’s also still time to change their “rolling conformity” to exclude the forgiveness from being taxed.

“States could come back very early in the next legislative session, update their conformity statute and make it effective immediately,” he said. “It affects a very large number of people and hopefully, there will be clarity provided on it.”

In the meantime, as details of the forgiveness plan get finalized, Biden has extended the pause of federal student loan payments for a “final time” through the end of the

year. Repayments on loans will start in January with the ability to cap monthly

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