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student debt.

Sep. 02, 2022



By Aaron Mudd, Lexington Herald-Leader (TNS)

Contrary to some [news reports](#) and a now-corrected [analysis from the Tax Foundation](#), Kentucky will not tax as income student loans forgiven through a new plan announced by President Joe Biden last week.

Jill Midkiff, the head of communications at the state's Finance and Administration Cabinet, told the Herald-Leader in an email that federal borrowers in Kentucky won't

be hit with a surprise state income tax bill for savings realized through the Biden

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Assembly. Specifically, [House Bill 659](#), which largely pertains to the state's cigarette tax.

“The 2022 Kentucky law change adopted the federal changes enacted in 2021 applicable to student loan debt forgiveness for individual income tax returns for periods beginning on or after 1/1/22 and before 12/31/2025,” Midkiff wrote in an email, referring to the American Rescue Plan Act of 2021 that made [student loan forgiveness federally tax-free](#).

Midkiff said the changes were made under Section 3 of H.B. 659, which updated the state's revenue code.

“It's included under Section 3 of HB 659. While it doesn't explicitly reference student loan debt cancellation [sic], changes made in the revenue code included in HB 659 have that effect,” Midkiff wrote.

Under President Biden's plan, Pell Grant borrowers will be eligible for up to \$20,000 in federal student loan debt forgiveness. Up to \$10,000 will be canceled for all other borrowers whose income is less than \$125,000 for an individual and \$250,000 for a household.

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Taxes

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