
OLR Bill Analysis

HB 5113

AN ACT ESTABLISHING A PERSONAL INCOME TAX DEDUCTION FOR THE AMOUNT OF CANCELLED DEBT AND DEBT RELIEF RECEIVED BY A TAXPAYER FOR STUDENT LOANS, MEDICAL DEBT AND CREDIT CARD DEBT.

SUMMARY

This bill creates a personal income tax deduction for the amount of any cancelled debt or state or federal debt relief received by a taxpayer for student loan, medical, and credit card debt. The deduction applies only to the extent the amount is included in the taxpayer's federal gross income.

EFFECTIVE DATE: January 1, 2027, and applicable to tax years beginning on or after that date.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 39 Nay 15 (03/30/2026)