



FOR IMMEDIATE RELEASE

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Statement from The Campaign for California Borrowers' Rights in Response to SB 25 by Senator Skinner To Protect Student Debt Relief from State Taxation

The Campaign for California Borrowers' Rights is the statewide coalition of students, higher education advocates, and borrower protection organizations focused on the issue of student debt.

(SACRAMENTO, CA) - Today, State Senator Nancy Skinner (D-Berkeley) introduced Senate Bill 25 to ensure student loan borrowers in California do not face having to pay state taxes on any federal student loan debt forgiveness or cancellation programs. On August 24, 2022, President Biden announced a historic plan to cancel student loan debt. Federal student loan borrowers who received a Pell Grant could see \$20,000 in student debt cancellation, while all other Federal loan borrowers could receive \$10,000 in student debt cancellation. President Biden's student debt cancellation program will be life changing for millions of student loan borrowers, especially low-income borrowers of color.

In light of President Biden's debt relief plan, Senate President pro Tempore Atkins and Assembly Speaker Rendon stated on September 9, 2022 that they would move to immediately ensure that no California borrower is taxed on their much needed student loan relief. On November 5, 2022, Governor Newsom also announced his commitment to ensure student borrowers in California will be able to enjoy the full benefit of the President's plan by exempting federal student debt relief. Of the four million Californians with student loan debt, totalling \$145 billion, 3.4 million California student borrowers would benefit from this state tax exemption. As a result of the passage of the American

Rescue Plan Act, all federal student loan relief is currently exempt from taxation at the federal level through 2025.

In response, the California Campaign for Borrowers' Rights issued the following statement:

“California continues to stand as a national leader in protecting student loan borrowers as our State leaders did not hesitate to ensure that millions of student loan borrowers will fully benefit from the President’s student debt cancellation plan. We thank Governor Newsom, President pro Tempore Atkins, Speaker Rendon and Senator Skinner for their commitment to prevent state tax implications for student borrowers who have been struggling in a broken student loan system and deserve much needed student debt relief.

We applaud President pro Tempore Atkins and Senator Skinner for the introduction of SB 25 which will provide a tax exemption for all federal student loan forgiveness or cancellation programs under the American Rescue Plan Act (ARPA) through 2025. We look forward to continuing to work with the Legislature and Governor in the coming months to quickly resolve this issue for California student borrowers.”

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