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S.F. No. 1775 – Conformity to federal exclusion for discharge of home mortgage indebtedness (as proposed to be amended by the A-1 amendment)

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Discharge of indebtedness is generally included in federal adjusted gross income (AGI). The Taxpayer Certainty and Disaster Tax Relief Act of 2019 excluded from AGI up to \$2 million in discharge of indebtedness on a principal residence in tax year 2020 for married joint filers (\$1 million for married separate filers). The Taxpayer Certainty and Disaster Tax Relief Act of 2020 extended that provision through tax year 2025 and reduced the maximum amount of indebtedness to \$750,000 for married joint filers and \$375,000 for married separate filers.

This bill conforms to the federal exclusions for purposes of calculating net income, income, AMT income, AMT net income, and income under the property tax refund chapter.

Effective for the same years the provisions were effective for federal purposes.