



NEW YORK STATE SENATOR

Brian Kavanagh

Stop Taxing the Dead and Disabled | Felder and Kavanagh: New Law Provides Tax Relief to Grieving Families

Jack Sterne | 646-535-0160 | sterne@nysenate.gov

December 19, 2017

ISSUE:

- [Taxes](#)
- [student loans](#)

The death or permanent disability of a loved one is a painful and trying experience. The emotional burden weighs heavily, and is compounded by myriad details that need to be tended to. Legislation written by Senator Felder, sponsored by Assembly member Brian Kavanagh, who recently joined the Senate, and signed in to law on Wednesday, December 13th, protects families already coping with tragedy and loss from additional hardship.

“We were determined to bring some solace to people reeling from tragedy by correcting this clear injustice,” said Felder.

Upon death or permanent disability, Federal law forgives any outstanding student loans. There is an understanding that the loan was taken in good faith, but obviously can no longer be repaid. By forgiving the loan, we prevent the financial burden from falling upon the bereaved family.

Until now, however, NY State counted the amount of the forgiven loan as income to the family resulting in a tax liability. A painful reminder of all that was lost. Felder and Kavanagh's legislation amends the tax law so that effective immediately the full dollar amount of the loan is no longer taxed at all.

"In what convoluted way does a forgiven student loan become income? It can only happen in a system that is set up to over-tax, over-fine and over-ticket. It's unjustly skewed to squeeze as much as it can, whenever it can, from hard working New Yorkers. So of course, it also takes advantage of people going through such a difficult time that they probably wouldn't find the energy to fight it," exclaimed Senator Felder.

"I'd like to thank Senator Felder for his leadership on getting this bill passed. Personal tragedies shouldn't be compounded by overzealous taxation. Families dealing with a death or permanent disability deserve compassion and support, not another bill in the mail," State Senator Brian Kavanagh said.

"I am grateful to Senator Kavanagh (D - Brooklyn, Lower Manhattan) who sponsored the bill (A-6601) in the Assembly and Senators Akshar (R -Binghamton) Amedore (R - Capitol Region) Avella (D -Queens) and Croci (R -Hauppauge) for co-sponsoring this legislation in the Senate," expressed Felder.

"We commend Governor Cuomo for signing this bill in to law; together we've righted a wrong. We hope that few people will experience this type of loss, but this new law will be a tremendous comfort to those who do."