

LBD15934-03-2

(U) STAY IN NEW YORK CREDIT. (1) GENERAL. (A) A RESIDENT TAXPAYER SHALL BE ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE FOR ALLOWABLE COLLEGE EXPENSES. THE AMOUNT OF THE CREDIT SHALL BE EQUAL TO TWENTY-FIVE PERCENT OF ALLOWABLE COLLEGE EXPENSES, CAPPED AT THREE THOUSAND DOLLARS. THE CREDIT SHALL BE ALLOWED ONLY IN THE FIRST TAXABLE YEAR SUBSEQUENT TO THE TAXPAYER'S COMPLETION OF A COURSE OF STUDY LEADING TO THE GRANTING OF A BACCALAUREATE DEGREE AND IN EACH OF THE NEXT THREE TAXABLE YEARS.

(B) IN ORDER TO QUALIFY FOR THE CREDIT, THE ELIGIBLE TAXPAYER SHALL:

(I) HAVE COMPLETED THE COURSE OF STUDY LEADING TO THE GRANTING OF A BACCALAUREATE DEGREE FROM AN INSTITUTION OF HIGHER EDUCATION WITHIN FOUR YEARS FROM THE COMMENCEMENT OF SUCH COURSE OF STUDY. PROVIDED, HOWEVER, IF THE ELIGIBLE TAXPAYER WAS EMPLOYED IN EXCESS OF THREE HUNDRED HOURS PER SEMESTER, THE ELIGIBLE TAXPAYER SHALL HAVE COMPLETED THE COURSE OF STUDY LEADING TO THE GRANTING OF A BACCALAUREATE DEGREE WITHIN FIVE YEARS FROM THE COMMENCEMENT OF SUCH COURSE OF STUDY;

(II) BE EMPLOYED FULL-TIME WITHIN THE STATE; AND

(III) HAVE COMPLETED TWENTY HOURS OF COMMUNITY SERVICE PER SEMESTER OF ENROLLMENT IN AN INSTITUTION OF HIGHER EDUCATION. PROVIDED, HOWEVER, FOR THOSE ELIGIBLE TAXPAYERS WHO HAVE BEEN GRANTED DEGREES WITHIN THREE YEARS OF THE EFFECTIVE DATE OF THIS SUBSECTION, SUCH TAXPAYERS SHALL COMPLETE THE COMMUNITY SERVICE WITHIN THE FIRST TAXABLE YEAR IN WHICH THE CREDIT IS CLAIMED.

(C) FOR ELIGIBLE TAXPAYERS WHO ENROLL IN A COURSE OF STUDY LEADING TO THE GRANTING OF A POST BACCALAUREATE OR OTHER GRADUATE DEGREE IMMEDIATELY FOLLOWING THE RECEIPT OF A BACCALAUREATE DEGREE, THE CREDIT SHALL BE ALLOWED IN THE FIRST TAXABLE YEAR SUBSEQUENT TO THE TAXPAYER'S COMPLETION OF SUCH DEGREE OR WHEN SUCH TAXPAYER CEASES TO BE ENROLLED IN SUCH COURSE OF STUDY AND IN EACH OF THE NEXT THREE TAXABLE YEARS PROVIDED ALL OTHER QUALIFICATIONS OF THIS SUBSECTION ARE MET.

(2) ALLOWABLE AND QUALIFIED COLLEGE EXPENSES. FOR THE PURPOSES OF THIS CREDIT:

(A) THE TERM "ALLOWABLE COLLEGE EXPENSES" SHALL MEAN THE TOTAL AMOUNT OF QUALIFIED COLLEGE EXPENSES INCURRED BY THE TAXPAYER DURING THE TAXPAYER'S ENROLLMENT IN A COURSE OF STUDY LEADING TO THE GRANTING OF A BACCALAUREATE DEGREE FROM AN INSTITUTION OF HIGHER EDUCATION.

(B) THE TERM "QUALIFIED COLLEGE EXPENSES" SHALL MEAN THE TUITION REQUIRED FOR THE ENROLLMENT OR ATTENDANCE OF THE TAXPAYER AT AN INSTITUTION OF HIGHER EDUCATION. PROVIDED, HOWEVER, TUITION PAYMENTS MADE PURSUANT TO THE RECEIPT OF ANY SCHOLARSHIPS OR FINANCIAL AID SHALL BE EXCLUDED FROM THE DEFINITION OF "QUALIFIED COLLEGE EXPENSES".

(3) INSTITUTION OF HIGHER EDUCATION. FOR THE PURPOSES OF THIS CREDIT, THE TERM "INSTITUTION OF HIGHER EDUCATION" SHALL MEAN ANY INSTITUTION OF HIGHER EDUCATION LOCATED IN THE STATE, RECOGNIZED AND APPROVED BY THE REGENTS, OR ANY SUCCESSOR ORGANIZATION, OF THE UNIVERSITY OF THE STATE OF NEW YORK OR ACCREDITED BY A NATIONALLY RECOGNIZED ACCREDITING AGENCY OR ASSOCIATION ACCEPTED AS SUCH BY THE REGENTS, OR ANY SUCCESSOR ORGANIZATION, OF THE UNIVERSITY OF THE STATE OF NEW YORK, WHICH PROVIDES A COURSE OF STUDY LEADING TO THE GRANTING OF A POST-SECONDARY DEGREE, CERTIFICATE OR DIPLOMA.

(4) REFUNDABILITY. THE CREDIT UNDER THIS SUBSECTION SHALL BE ALLOWED AGAINST THE TAXES IMPOSED BY THIS ARTICLE FOR THE TAXABLE YEAR REDUCED BY THE CREDITS PERMITTED BY THIS ARTICLE. IF THE CREDIT EXCEEDS THE TAX AS SO REDUCED, THE TAXPAYER MAY RECEIVE, AND THE COMPTROLLER, SUBJECT TO A CERTIFICATE OF THE COMMISSIONER, SHALL PAY AS AN OVERPAYMENT, WITHOUT INTEREST, THE AMOUNT OF SUCH EXCESS.

1 S 2. Subparagraph (A) of paragraph 2 of subsection (t) of section 606
2 of the tax law, as amended by section 1 of part N of chapter 85 of the
3 laws of 2002, is amended to read as follows:

4 (A) The term "allowable college tuition expenses" shall mean the
5 amount of qualified college tuition expenses of eligible students paid
6 by the taxpayer during the taxable year[,]. THE AMOUNT OF QUALIFIED
7 COLLEGE TUITION EXPENSES SHALL BE limited [to] AS FOLLOWS: FOR TAXABLE
8 YEARS BEGINNING AFTER TWO THOUSAND AND BEFORE TWO THOUSAND TWELVE, ten
9 thousand dollars for each such student; FOR TAXABLE YEARS BEGINNING IN
10 TWO THOUSAND TWELVE, TWELVE THOUSAND DOLLARS FOR EACH STUDENT; FOR TAXA-
11 BLE YEARS BEGINNING IN TWO THOUSAND THIRTEEN, FOURTEEN THOUSAND DOLLARS
12 FOR EACH STUDENT; FOR TAXABLE YEARS BEGINNING IN TWO THOUSAND FOURTEEN,
13 SIXTEEN THOUSAND DOLLARS FOR EACH STUDENT; FOR TAXABLE YEARS BEGINNING
14 IN TWO THOUSAND FIFTEEN, EIGHTEEN THOUSAND DOLLARS FOR EACH STUDENT; AND
15 FOR TAXABLE YEARS BEGINNING AFTER TWO THOUSAND FIFTEEN, TWENTY THOUSAND
16 DOLLARS PER STUDENT;

17 S 3. Paragraph 4 of subsection (t) of section 606 of the tax law, as
18 added by section 1 of part DD of chapter 63 of the laws of 2000, is
19 amended to read as follows:

20 (4) Amount of credit. [If allowable college tuition expenses are less
21 than five thousand dollars, the amount of the credit provided under this
22 subsection shall be equal to the applicable percentage of the lesser of
23 allowable college tuition expenses or two hundred dollars. If allowable
24 college tuition expenses are five thousand dollars or more, the amount
25 of the credit provided under this subsection shall be equal to the
26 applicable percentage of the allowable college tuition expenses multi-
27 plied by four percent.]

28 THE AMOUNT OF THE CREDIT SHALL BE DETERMINED IN ACCORDANCE WITH THE
29 FOLLOWING SCHEDULES:

30 (A) FOR TAXABLE YEARS BEGINNING AFTER TWO THOUSAND AND BEFORE TWO
31 THOUSAND TWELVE:

32 IF ALLOWABLE COLLEGE TUITION	THE TAX CREDIT IS EQUAL TO:
33 EXPENSES ARE:	
34 LESS THAN FIVE THOUSAND DOLLARS	THE APPLICABLE PERCENTAGE OF THE
35	LESSER OF ALLOWABLE COLLEGE TUITION
36	EXPENSES OR TWO HUNDRED DOLLARS
37 FIVE THOUSAND DOLLARS OR MORE	THE APPLICABLE PERCENTAGE OF
38	ALLOWABLE COLLEGE TUITION EXPENSES
39	MULTIPLIED BY FOUR PERCENT

40 (B) FOR TAXABLE YEARS BEGINNING IN TWO THOUSAND TWELVE:

41 IF ALLOWABLE COLLEGE TUITION	THE TAX CREDIT IS EQUAL TO:
42 EXPENSES ARE:	
43 LESS THAN SIX THOUSAND DOLLARS	THE LESSER OF ALLOWABLE COLLEGE
44	TUITION EXPENSES OR TWO HUNDRED
45	FORTY DOLLARS
46 SIX THOUSAND DOLLARS OR MORE	THE ALLOWABLE COLLEGE TUITION
47	EXPENSES MULTIPLIED BY FOUR PERCENT

48 (C) FOR TAXABLE YEARS BEGINNING IN TWO THOUSAND THIRTEEN:

49 IF ALLOWABLE COLLEGE TUITION	THE TAX CREDIT IS EQUAL TO:
50 EXPENSES ARE:	
51 LESS THAN SEVEN THOUSAND DOLLARS	THE LESSER OF ALLOWABLE COLLEGE
52	TUITION EXPENSES OR TWO HUNDRED
53	EIGHTY DOLLARS
54 SEVEN THOUSAND DOLLARS OR MORE	THE ALLOWABLE COLLEGE TUITION
55	EXPENSES MULTIPLIED BY FOUR PERCENT

56 (D) FOR TAXABLE YEARS BEGINNING IN TWO THOUSAND FOURTEEN:

1 IF ALLOWABLE COLLEGE TUITION THE TAX CREDIT IS EQUAL TO:
2 EXPENSES ARE:
3 LESS THAN EIGHT THOUSAND DOLLARS THE LESSER OF ALLOWABLE COLLEGE
4 TUITION EXPENSES OR THREE HUNDRED
5 TWENTY DOLLARS
6 EIGHT THOUSAND DOLLARS OR MORE THE ALLOWABLE COLLEGE TUITION
7 EXPENSES MULTIPLIED BY FOUR PERCENT
8 (E) FOR TAXABLE YEARS BEGINNING IN TWO THOUSAND FIFTEEN:
9 IF ALLOWABLE COLLEGE TUITION THE TAX CREDIT IS EQUAL TO:
10 EXPENSES ARE:
11 LESS THAN NINE THOUSAND DOLLARS THE LESSER OF ALLOWABLE COLLEGE
12 TUITION EXPENSES OR THREE HUNDRED
13 SIXTY DOLLARS
14 NINE THOUSAND DOLLARS OR MORE THE ALLOWABLE COLLEGE TUITION
15 EXPENSES MULTIPLIED BY FOUR PERCENT
16 (F) FOR TAXABLE YEARS BEGINNING AFTER TWO THOUSAND FIFTEEN:
17 IF ALLOWABLE COLLEGE TUITION THE TAX CREDIT IS EQUAL TO:
18 EXPENSES ARE:
19 LESS THAN TEN THOUSAND DOLLARS THE LESSER OF ALLOWABLE COLLEGE
20 TUITION EXPENSES OR FOUR HUNDRED
21 DOLLARS
22 TEN THOUSAND DOLLARS OR MORE THE ALLOWABLE COLLEGE TUITION
23 EXPENSES MULTIPLIED BY FOUR PERCENT
24 Such applicable percentage shall be twenty-five percent for taxable
25 years beginning in two thousand one, fifty percent for taxable years
26 beginning in two thousand two, seventy-five percent for taxable years
27 beginning in two thousand three and one hundred percent for taxable
28 years beginning after two thousand three.
29 S 4. Subsection (t) of section 606 of the tax law is amended by adding
30 a new paragraph 4-a to read as follows:
31 (4-A) INFLATION ADJUSTMENT. (A) FOR TAXABLE YEARS BEGINNING IN OR
32 AFTER TWO THOUSAND SIXTEEN, THE DOLLAR AMOUNTS IN SUBPARAGRAPH (A) OF
33 PARAGRAPH TWO AND PARAGRAPH FOUR OF THIS SUBSECTION SHALL BE MULTIPLIED
34 BY ONE PLUS THE INFLATION ADJUSTMENT.
35 (B) THE INFLATION ADJUSTMENT FOR ANY TAXABLE YEAR SHALL BE THE
36 PERCENTAGE, IF ANY, BY WHICH THE HIGHER EDUCATION PRICE INDEX FOR THE
37 ACADEMIC FISCAL YEAR ENDING IN THE IMMEDIATELY PRECEDING TAXABLE YEAR
38 EXCEEDS THE HIGHER EDUCATION PRICE INDEX FOR THE ACADEMIC FISCAL YEAR
39 ENDING JUNE, TWO THOUSAND FIFTEEN. FOR THE PURPOSES OF THIS PARAGRAPH,
40 THE HIGHER EDUCATION PRICE INDEX MEANS THE HIGHER EDUCATION PRICE INDEX
41 PUBLISHED BY THE COMMONFUND INSTITUTE.
42 (C) IF THE PRODUCT OF THE AMOUNTS IN SUBPARAGRAPHS (A) AND (B) OF THIS
43 PARAGRAPH IS NOT A MULTIPLE OF FIVE DOLLARS, SUCH INCREASE SHALL BE
44 ROUNDED TO THE NEXT MULTIPLE OF FIVE DOLLARS.
45 S 5. This act shall take effect immediately and shall apply to taxable
46 years beginning on or after January 1, 2012; provided, however, that
47 section one of this act shall apply to taxable years beginning on or
48 after January 1, 2013.

49 PART B

50 Section 1. Legislative findings and declaration of purpose. The legis-
51 lature hereby finds that the costs of completing higher education for
52 residents of the state of New York are increasing at a rate significant-
53 ly faster than the rate of inflation. Paying out of pocket has become
54 increasingly difficult for families and students seeking to improve

1 their educational and economic prospects. An affordable college educa-
2 tion has become increasingly inaccessible to large numbers of middle
3 class families in the state, for whom financial resources, including
4 state grants and scholarships, are either limited or unavailable. Many
5 families and students have no choice but to turn to the private lending
6 market in order to finance their higher education.

7 Compounding the problem is the fact that typical interest rates for
8 student loans offered through the private lending market are relatively
9 high when compared to interest rates for other purposes, such as a mort-
10 gage or automobile. Additionally, the average student loan debt upon
11 graduation is more than \$26,000 per student in the state. Reducing the
12 debt burden that students endure upon graduating college has become a
13 critical public policy goal.

14 As increasing the share of the state's population that undertakes and
15 completes higher education is also a desirable public policy goal, and
16 an individual's decision to complete a program of postsecondary educa-
17 tion typically reaps economic and social rewards to the individual, the
18 legislature hereby declares that it is in the best interest of the state
19 to create a student loan linked deposit program whereby the state will
20 subsidize private lenders to provide reduced-rate loans to students.

21 S 2. Paragraph c of subdivision 1 of section 680 of the education law,
22 as added by chapter 622 of the laws of 2008, is amended and a new para-
23 graph d is added to read as follows:

24 c. To enter into cooperative agreements, subject to the approval of
25 the board of trustees and the director of the budget, with other enti-
26 ties, including, but not limited to, other states, the federal govern-
27 ment, and post-secondary institutions, to establish, administer, and
28 operate federal student aid programs. Notwithstanding the provisions of
29 paragraphs a and b of this subdivision, the corporation is authorized,
30 pursuant to such cooperative agreements, to provide federal student aid
31 services to students and families who are not residents of New York
32 state[.]; AND

33 D. TO ADMINISTER AND OPERATE A STUDENT LOAN LINKED DEPOSIT PROGRAM
34 PURSUANT TO ARTICLE FIFTEEN-A OF THE STATE FINANCE LAW.

35 S 3. Subdivision 2 of section 98-a of the state finance law, as added
36 by chapter 705 of the laws of 1993, is amended to read as follows:

37 2. Notwithstanding any provision of law to the contrary, investment of
38 bond proceeds and other funds not immediately required may be invested
39 by the comptroller in linked deposits pursuant to article fifteen OR
40 ARTICLE FIFTEEN-A of this chapter. If any moneys are invested by the
41 comptroller in linked deposits pursuant to article fifteen OR ARTICLE
42 FIFTEEN-A of this chapter, the comptroller shall compute the monthly
43 earnings for all funds, other than the general fund, as if no such
44 moneys had been invested in such linked deposits.

45 S 4. The state finance law is amended by adding a new article 15-A to
46 read as follows:

47 ARTICLE 15-A

48 STUDENT LOAN LINKED DEPOSIT ACT

49 SECTION 225. SHORT TITLE.

50 226. DEFINITIONS.

51 227. ESTABLISHMENT AND PURPOSE; STUDENT LOAN LINKED DEPOSIT
52 PROGRAM AUTHORIZATION.

53 228. RESPONSIBILITIES OF THE PRESIDENT, COMPTROLLER AND SUPER-
54 INTENDENT.

55 229. RELEASE FROM LINKED DEPOSITS.

56 230. LINKED STUDENT LOANS.

231. INTEREST RATE FOR LINKED LOANS; NO LENDER'S FEES.
232. APPLICATION PROCEDURE.
233. REPAYMENT PERIODS FOR LINKED STUDENT LOANS.
234. LIABILITY; EARLY REPAYMENT AND WITHDRAWAL.
- 234-A. MONITORING AND REPORT.
- 234-B. PROMOTION OF PROGRAM.
- 234-C. RULES AND REGULATIONS.

S 225. SHORT TITLE. THIS ARTICLE SHALL BE KNOWN AND MAY BE CITED AS THE "STUDENT LOAN LINKED DEPOSIT ACT".

S 226. DEFINITIONS. WHEN USED IN THIS ARTICLE, UNLESS A DIFFERENT MEANING CLEARLY APPEARS FROM THE CONTEXT, THE FOLLOWING TERMS SHALL HAVE THE FOLLOWING MEANINGS:

1. "AUTHORIZED DEPOSITOR" MEANS THE COMPTROLLER WITH RESPECT TO LINKED DEPOSITS MADE BY THE COMPTROLLER.

2. "COMPTROLLER" MEANS THE COMPTROLLER OF THE STATE OF NEW YORK.

3. "DEPARTMENT" MEANS THE DEPARTMENT OF FINANCIAL SERVICES.

4. "ELIGIBLE RECIPIENT" MEANS AN INDIVIDUAL THAT HAS SUCCESSFULLY APPLIED FOR A LINKED STUDENT LOAN AND MET ALL REQUIREMENTS PRESCRIBED BY THE PRESIDENT AND A LENDING INSTITUTION FOR RECEIPT OF A LOAN.

5. "LENDER" MEANS:

(A) ANY COMMERCIAL BANK WHICH IS OR SHALL BECOME AN APPROVED DEPOSITORY OF STATE FUNDS UNDER THE PROVISIONS OF SECTION ONE HUNDRED FIVE OF THIS CHAPTER AND WHICH AGREES TO PARTICIPATE IN THE PROGRAM; OR

(B) ANY THRIFT WHICH AN AUTHORIZED DEPOSITOR DETERMINES IS ELIGIBLE TO ACCEPT LINKED DEPOSITS BASED UPON CRITERIA APPLIED BY THE AUTHORIZED DEPOSITOR IN MAKING DETERMINATIONS UNDER SECTION ONE HUNDRED FIVE OF THIS CHAPTER, AND WHICH AGREES TO PARTICIPATE IN THE PROGRAM, PROVIDED THAT ANY LINKED DEPOSIT IN SUCH THRIFT SHALL BE SECURED IN THE SAME MANNER AS MONEYS DEPOSITED PURSUANT TO SECTION ONE HUNDRED FIVE OF THIS CHAPTER AND SUCH THRIFTS SHALL PLEDGE ASSETS OR FURNISH OTHER SECURITY SATISFACTORY IN FORM AND AMOUNT TO THE AUTHORIZED DEPOSITOR FOR THE REPAYMENT OF MONEYS.

6. "LINKED DEPOSIT" MEANS A DEPOSIT PLACED WITH A LENDER BY THE COMPTROLLER FOR A PERIOD OF FOUR YEARS AT THE LINKED DEPOSIT INTEREST RATE, PROVIDED THE LENDER AGREES TO:

(A) LEND THE EQUIVALENT VALUE OF SUCH DEPOSIT TO AN ELIGIBLE RECIPIENT AT THE INTEREST RATE PROVIDED IN SECTION TWO HUNDRED THIRTY-ONE OF THIS ARTICLE; AND

(B) PERMIT THE DEPOSIT TO BE COMPRISED OF A SERIES OF NINETY DAY DEPOSITS EACH BEARING AN INTEREST RATE EQUAL TO THE LINKED DEPOSIT INTEREST RATE FIXED AT THE TIME THE ORIGINAL DEPOSIT IS PLACED.

THIS ARTICLE AND THE RELATED STATUTES THAT REFER TO THIS ARTICLE DO NOT GRANT THRIFTS ELIGIBILITY TO ACCEPT PUBLIC FUNDS OR PUBLIC MONEYS FROM PUBLIC ENTITIES FOR INVESTMENT PURPOSES. A LINKED DEPOSIT IS INTENDED TO ENABLE A LENDER TO MAKE A LINKED LOAN TO AN ELIGIBLE RECIPIENT AND SUCH DEPOSIT EARNS A YIELD LOWER THAN POSTED RATES IN ORDER TO ACCOMPLISH THE GOALS OF THIS ARTICLE.

7. "LINKED DEPOSIT INTEREST RATE" MEANS FOR A LINKED DEPOSIT MADE IN CONNECTION WITH A LINKED LOAN TO AN ELIGIBLE RECIPIENT A FIXED RATE OF INTEREST WHICH IS THREE HUNDRED BASIS POINTS BELOW THE LENDER'S POSTED FOUR YEAR CERTIFICATE OF DEPOSIT RATE OR, IF THE LENDER DOES NOT OFFER A FOUR YEAR CERTIFICATE OF DEPOSIT, IS THREE HUNDRED BASIS POINTS BELOW THE AVERAGE STATEWIDE RATE FOR FOUR YEAR CERTIFICATES OF DEPOSIT AS DETERMINED BY THE SUPERINTENDENT OF FINANCIAL SERVICES. IN THE EVENT THAT THE LENDER'S POSTED FOUR YEAR CERTIFICATE OF DEPOSIT RATE, OR THE AVERAGE STATEWIDE RATE FOR FOUR YEAR CERTIFICATES OF DEPOSIT ARE BELOW

THREE HUNDRED BASIS POINTS, THE LINKED DEPOSIT INTEREST RATE SHALL NOT BE LESS THAN ZERO.

8. "LINKED LOAN" MEANS A LOAN MADE TO AN ELIGIBLE RECIPIENT, IN AN AMOUNT EQUAL TO A LINKED DEPOSIT AND BEARING INTEREST FOR THE FIRST FOUR YEARS AT THE INTEREST RATE PROVIDED IN SECTION TWO HUNDRED THIRTY-ONE OF THIS ARTICLE.

9. "PRESIDENT" MEANS THE PRESIDENT OF THE HIGHER EDUCATION SERVICES CORPORATION.

10. "PROGRAM" MEANS THE STUDENT LOAN LINKED DEPOSIT PROGRAM.

11. "QUALIFIED EDUCATIONAL EXPENSES" MEANS THE ACTUAL OR EXPECTED COST OF A STUDENT'S HIGHER EDUCATION, WHICH SHALL INCLUDE THE FULL QUARTERLY, SEMESTERLY OR ANNUAL COST OF TUITION, FEES, BOOKS, SUPPLIES, ROOM AND BOARD.

12. "THRIFT" MEANS ANY SAVINGS BANK OR SAVINGS AND LOAN ASSOCIATION, FEDERAL SAVINGS BANK OR FEDERAL SAVINGS AND LOAN ASSOCIATION.

S 227. ESTABLISHMENT AND PURPOSE; STUDENT LOAN LINKED DEPOSIT PROGRAM AUTHORIZATION. THE STUDENT LOAN LINKED DEPOSIT PROGRAM IS HEREBY CREATED. THE PURPOSE OF THE PROGRAM IS TO MAKE AVAILABLE TO RESIDENTS OF NEW YORK STATE REDUCED RATE LOANS THAT WILL ASSIST IN THE FINANCING OF AN IN-STATE COLLEGE EDUCATION. THE COMPTROLLER IS HEREBY AUTHORIZED TO USE ANY MONEYS OF THE STATE THE COMPTROLLER IS AUTHORIZED TO INVEST PURSUANT TO SECTION NINETY-EIGHT-A OF THIS CHAPTER AS LINKED DEPOSITS FOR THE PROGRAM. NOT MORE THAN ONE HUNDRED MILLION DOLLARS OF SUCH MONEYS SHALL BE ON DEPOSIT PURSUANT TO THE PROGRAM AT ANY GIVEN TIME.

S 228. RESPONSIBILITIES OF THE PRESIDENT, COMPTROLLER AND SUPERINTENDENT. 1. THE PRESIDENT SHALL ADMINISTER THE PROGRAM PURSUANT TO SECTION TWO HUNDRED THIRTY-TWO OF THIS ARTICLE, INCLUDING ALL DECISIONS WITH RESPECT TO THE APPLICATION AND USE OF THE PROGRAM FOR ELIGIBLE RECIPIENTS; MARKET AND PROMOTE THE PROGRAM PURSUANT TO SECTION TWO HUNDRED THIRTY-FOUR-B OF THIS ARTICLE; AFTER CONSULTING WITH THE COMPTROLLER AND THE SUPERINTENDENT OF FINANCIAL SERVICES, ISSUE RULES AND REGULATIONS FOR THE OPERATION OF THE PROGRAM PURSUANT TO SECTION TWO HUNDRED THIRTY-FOUR-C OF THIS ARTICLE.

2. THE COMPTROLLER'S RESPONSIBILITIES FOR THE PROGRAM SHALL BE LIMITED TO: PURSUANT TO SECTIONS TWO HUNDRED TWENTY-SEVEN AND TWO HUNDRED THIRTY-TWO OF THIS ARTICLE, PLACING MONEYS ON DEPOSIT AT THE REQUEST OF THE PRESIDENT FOR THE PURPOSES OF THE PROGRAM AND ADMINISTERING SUCH DEPOSITS IN ACCORDANCE WITH SECTIONS NINETY-EIGHT-A AND ONE HUNDRED FIVE OF THIS CHAPTER AND WITH THE COMPTROLLER'S ESTABLISHED PROCEDURES; AND ENTERING INTO DEPOSIT AGREEMENTS WITH LENDERS PURSUANT TO SECTION TWO HUNDRED THIRTY-TWO OF THIS ARTICLE.

3. THE SUPERINTENDENT'S RESPONSIBILITIES FOR THE PROGRAM SHALL BE LIMITED TO MARKETING AND PROMOTING THE PROGRAM PURSUANT TO SECTION TWO HUNDRED THIRTY-FOUR-B OF THIS ARTICLE.

S 229. RELEASE FROM LINKED DEPOSITS. THE AUTHORIZED DEPOSITOR MAY PERMIT FUNDS RELEASED FROM A LINKED DEPOSIT RELATING TO A LINKED LOAN TO BE MADE AVAILABLE FOR ADDITIONAL LINKED DEPOSITS UNDER THIS PROGRAM.

S 230. LINKED STUDENT LOANS. LINKED STUDENT LOANS SHALL BE MADE BY LENDERS PURSUANT TO THE PROGRAM ONLY TO ELIGIBLE RECIPIENTS FOR QUALIFIED EDUCATIONAL EXPENSES. A LINKED LOAN SHALL BE LIMITED TO A MAXIMUM AMOUNT OF SEVEN THOUSAND FIVE HUNDRED DOLLARS PER ACADEMIC YEAR. AN ELIGIBLE RECIPIENT MAY RECEIVE NO MORE THAN ONE LINKED LOAN PER ACADEMIC YEAR. DURING THE LIFE OF THE LINKED LOAN PROGRAM, THE TOTAL AMOUNT OF MONEY THAT AN ELIGIBLE RECIPIENT CAN BORROW FROM THE LINKED STUDENT LOAN PROGRAM SHALL BE THIRTY THOUSAND DOLLARS. THE CREDIT DECISION FOR MAKING A LINKED LOAN SHALL BE MADE SOLELY BY THE LENDER, PROVIDED HOWEVER THAT

1 SUCH LENDER SHALL ENSURE THAT AN ELIGIBLE RECIPIENT COMPLIES WITH THE
2 PROVISIONS OF THIS ARTICLE, INCLUDING ANY RULES OR REGULATIONS ISSUED BY
3 THE PRESIDENT. NOTWITHSTANDING THE LENGTH OF THE TERM OF A LINKED LOAN,
4 THE LINKED DEPOSIT RELATING TO THE LINKED LOAN SHALL BE FOR A PERIOD OF
5 NOT MORE THAN FOUR YEARS.

6 S 231. INTEREST RATE FOR LINKED LOANS; NO LENDER'S FEES. 1. LINKED
7 LOANS MADE TO ELIGIBLE RECIPIENTS SHALL BEAR INTEREST AT A FIXED RATE
8 EQUAL TO THREE PERCENTAGE POINTS BELOW THE FIXED INTEREST RATE THE LEND-
9 ER WOULD HAVE CHARGED FOR THE LOAN IN THE ABSENCE OF A LINKED DEPOSIT
10 BASED ON ITS USUAL CREDIT CONSIDERATIONS. LENDERS SHALL CERTIFY TO THE
11 PRESIDENT THAT THE RATE TO BE CHARGED ON A LINKED LOAN IS THREE PERCENT-
12 AGE POINTS BELOW THE INTEREST RATE THE LENDER WOULD HAVE CHARGED FOR THE
13 LOAN IN THE ABSENCE OF A LINKED DEPOSIT.

14 2. LENDERS WHO MAKE LOANS PURSUANT TO THE PROGRAM SHALL NOT BE ENTI-
15 TLED TO CHARGE ANY DISCOUNT, POINTS, ORIGINATION FEES, HANDLING FEES,
16 SERVICE CHARGES, REFINANCING FEES OR PENALTIES OR ANY CHARGE OTHER THAN
17 THOSE NORMALLY CHARGED AND IN SUCH AMOUNTS NORMALLY CHARGED BY THE LEND-
18 ER FOR LOANS OF THE TYPE BEING MADE WITHOUT REGARD TO THE PROGRAM.

19 S 232. APPLICATION PROCEDURE. 1. THE PRESIDENT, WITH THE ASSISTANCE OF
20 THE SUPERINTENDENT OF THE DEPARTMENT, SHALL ESTABLISH PROCEDURES AND
21 OTHER REQUIREMENTS FOR PARTICIPATION IN THE PROGRAM, AND SHALL PROVIDE A
22 SIMPLIFIED APPLICATION FORM TO THE PARTICIPATING LENDERS FOR LINKED
23 DEPOSITS. SUCH FORM SHALL REFLECT THE QUALIFYING INFORMATION REQUIRED
24 BY THIS ARTICLE FOR ELIGIBLE LOAN RECIPIENTS. UPON COMPLETION OF ANY
25 APPLICATION FOR A LINKED DEPOSIT, THE LENDER SHALL SEND THE APPLICATION,
26 TOGETHER WITH THE INTEREST RATE CERTIFICATION REQUIRED PURSUANT TO
27 SECTION TWO HUNDRED THIRTY-ONE OF THIS ARTICLE, TO THE PRESIDENT WHO
28 SHALL EITHER APPROVE OR REJECT THE APPLICATION WITHIN TWENTY-EIGHT DAYS.
29 THE PRESIDENT SHALL EVALUATE EACH APPLICATION BASED UPON THE FOLLOWING
30 CRITERIA:

31 (A) THE EXTENT TO WHICH SUCH LOAN WOULD REDUCE THE LONG-TERM COST OF
32 FINANCING A STUDENT'S HIGHER EDUCATION;

33 (B) THE LIKELIHOOD OF THE STUDENT SUCCESSFULLY COMPLETING HIS OR HER
34 HIGHER EDUCATION AND REPAYING THE LOAN WITHIN A TIMELY MANNER; AND

35 (C) SUCH OTHER CRITERIA AS THE PRESIDENT DEEMS RELEVANT.

36 2. IF THE DEPOSIT APPLICATION IS APPROVED BY THE PRESIDENT, HE OR SHE
37 SHALL NOTIFY AN AUTHORIZED DEPOSITOR THAT A DETERMINATION HAS BEEN MADE
38 THAT THE APPLICATION SATISFIES THE REQUIREMENTS OF THIS ARTICLE, AND THE
39 PRESIDENT SHALL REQUEST THE AUTHORIZED DEPOSITOR TO DEPOSIT FUNDS WITH
40 THE LENDER IN ACCORDANCE WITH SECTION NINETY-EIGHT-A OF THIS CHAPTER AND
41 WITH THE AUTHORIZED DEPOSITOR'S ESTABLISHED PROCEDURES. SUCH DEPOSITS
42 SHALL BE SECURED IN ACCORDANCE WITH THE PROVISIONS OF SECTION ONE
43 HUNDRED FIVE OF THIS CHAPTER, AND LENDERS RECEIVING SUCH DEPOSITS SHALL
44 SATISFY, IN THE SOLE JUDGMENT OF THE AUTHORIZED DEPOSITOR, ALL COLLAT-
45 ERAL AND OTHER REQUIREMENTS GENERALLY APPLIED BY THE AUTHORIZED DEPOS-
46 ITOR TO FUNDS INVESTED BY IT. THE NOTIFIED AUTHORIZED DEPOSITOR AND THE
47 LENDER SHALL ENTER INTO A WRITTEN DEPOSIT AGREEMENT. IN NO EVENT SHALL
48 ANY DEFECT IN ANY SUCH AGREEMENT BE ASSERTED AS A DEFENSE BY A BORROWER
49 ON A LINKED LOAN MADE PURSUANT TO THE PROGRAM.

50 S 233. REPAYMENT PERIODS FOR LINKED STUDENT LOANS. THE PRESIDENT SHALL
51 REQUIRE THAT LINKED STUDENT LOANS ISSUED THROUGH THE PROGRAM OFFER FLEX-
52 IBLE REPAYMENT OPTIONS, INCLUDING THE OPTION OF AN INCOME-BASED REPAY-
53 MENT PLAN. SUCH REPAYMENT OPTIONS MAY, IF THE PRESIDENT DEEMS IT ADVIS-
54 ABLE, BE CONSISTENT WITH THE REPAYMENT TERMS STIPULATED BY THE WILLIAM
55 D. FORD FEDERAL DIRECT LOAN PROGRAM AUTHORIZED PURSUANT TO 20 USC CHAP-
56 TER 28, SUBCHAPTER IV, PART C.

1 S 234. LIABILITY; EARLY REPAYMENT AND WITHDRAWAL. NOTHING CONTAINED IN
2 THIS ARTICLE SHALL IMPOSE LIABILITY ON THE STATE OR ANY OF ITS DEPART-
3 MENTS OR EMPLOYEES FOR PAYMENT OR DELAYS IN PAYMENT OF THE PRINCIPAL OR
4 INTEREST OF A LINKED LOAN. ANY DELAY IN PAYMENTS OR ANY DEFAULT ON A
5 LINKED LOAN SHALL IN NO WAY AFFECT THE LINKED DEPOSIT AGREEMENT BETWEEN
6 THE LENDER AND THE AUTHORIZED DEPOSITOR. HOWEVER, IN THE EVENT THE
7 INTEREST RATE OF THE LINKED LOAN SHALL BE INCREASED AS A CONSEQUENCE OF
8 DEFAULT OR RENEGOTIATION, OR THE LOAN SHALL BE CHARGED OFF, THE LENDER
9 SHALL GIVE THE AUTHORIZED DEPOSITOR PROMPT NOTICE OF SUCH EVENT, AND THE
10 AUTHORIZED DEPOSITOR SHALL THEREAFTER WITHDRAW THE LINKED DEPOSIT UPON
11 NOT LESS THAN SEVEN DAYS' PRIOR WRITTEN NOTICE TO THE LENDER. UPON EARLY
12 REPAYMENT OF A LINKED LOAN, THE LENDER SHALL WITHIN THIRTY DAYS GIVE THE
13 AUTHORIZED DEPOSITOR NOTICE OF SUCH EARLY REPAYMENT, AND THE AUTHORIZED
14 DEPOSITOR SHALL THEREAFTER WITHDRAW THE LINKED DEPOSIT UPON NOT LESS
15 THAN SEVEN DAYS' PRIOR WRITTEN NOTICE TO THE LENDER, AND THE INTEREST
16 RATE PAYABLE ON THE LINKED DEPOSIT FROM THE DATE OF EARLY REPAYMENT OF
17 THE LINKED LOAN TO THE DATE OF WITHDRAWAL OF THE LINKED DEPOSIT SHALL BE
18 THE INTEREST RATE UPON WHICH THE LINKED DEPOSIT INTEREST RATE WAS CALCU-
19 LATED WITHOUT REGARD TO THE APPLICABLE BASIS POINT REDUCTION.

20 S 234-A. MONITORING AND REPORT. 1. THE PRESIDENT SHALL MONITOR THE
21 ACTIVITIES OF PARTICIPATING LENDERS AND LOAN RECIPIENTS AND MAY REQUIRE
22 PERIODIC REPORTS OR OTHER INFORMATION THE PRESIDENT DEEMS NECESSARY FROM
23 PARTICIPATING LENDERS AND LOAN RECIPIENTS ON THE STATUS OF THE LINKED
24 LOANS TO ENSURE COMPLIANCE WITH THE PROVISIONS AND THE INTENT OF THIS
25 ARTICLE.

26 2. ON OR BEFORE DECEMBER FIRST, TWO THOUSAND FOURTEEN, AND ANNUALLY
27 THEREAFTER THE PRESIDENT SHALL SUBMIT TO THE GOVERNOR, THE TEMPORARY
28 PRESIDENT OF THE SENATE AND THE SPEAKER OF THE ASSEMBLY A REPORT REGARD-
29 ING THE ACTIVITIES OF THE PROGRAM. SUCH REPORT SHALL CONTAIN A STATEMENT
30 OF THE COST OF THE PROGRAM TO THE STATE, CONSIDERED AS A WHOLE, BECAUSE
31 OF REDUCED RATES ON FUNDS INVESTED IN LINKED DEPOSITS. SUCH REPORT SHALL
32 ALSO INCLUDE, BUT SHALL NOT BE LIMITED TO, THE NUMBER AND TYPE OF LINKED
33 LOANS UNDER THE PROGRAM AND THE AMOUNT THEREOF; THE NUMBER AND TYPES OF
34 LENDERS MAKING LINKED LOANS AND OF INDIVIDUALS RECEIVING LINKED LOANS;
35 THE GEOGRAPHIC DISTRIBUTION OF SUCH LENDERS AND RECIPIENTS, INCLUDING
36 THE STEPS TAKEN TO ENSURE GEOGRAPHIC DIVERSITY AMONG PARTICIPATING LEND-
37 ERS, AS WELL AS ANY INFORMATION THE PRESIDENT DETERMINES USEFUL IN EVAL-
38 UATING THE BENEFITS OF THE PROGRAM.

39 S 234-B. PROMOTION OF PROGRAM. THE DEPARTMENT, WITH THE ASSISTANCE OF
40 OTHER APPROPRIATE STATE AGENCIES, SHALL ACTIVELY MARKET AND PROMOTE
41 AWARENESS OF THE PROGRAM IN ALL GEOGRAPHICAL AREAS OF THE STATE AMONG
42 COMMERCIAL BANKS, THRIFTS AND OTHER APPROPRIATE BANKING ORGANIZATIONS.

43 S 234-C. RULES AND REGULATIONS. THE PRESIDENT SHALL, IN CONSULTATION
44 WITH THE COMPTROLLER AND THE SUPERINTENDENT OF FINANCIAL SERVICES,
45 PROMULGATE RULES AND REGULATIONS NECESSARY AND REASONABLE FOR THE OPERA-
46 TION OF THE PROGRAM.

47 S 5. This act shall take effect on the one hundred eightieth day after
48 it shall have become a law, provided however that effective immediately,
49 the addition, amendment and/or repeal of any rules or regulations neces-
50 sary for implementation of the foregoing sections of this act on its
51 effective date is authorized and directed to be made and completed on or
52 before such effective date.

1 Section 1. Paragraphs 6 and 7 of subsection (c) of section 301 of the
2 financial services law, as added by section 1 of part A of chapter 62 of
3 the laws of 2011, are amended and a new paragraph 8 is added to read as
4 follows:

5 (6) providing technical assistance to local governments and not-for-
6 profits in the development of consumer protection measures with respect
7 to financial products and services; [and]

8 (7) continuing and expanding the detection, investigation and
9 prevention of insurance fraud[.]; AND

10 (8) ESTABLISHING AND ADMINISTERING THE "STUDENT LENDING TRANSPARENCY
11 PROGRAM" PURSUANT TO ARTICLE SIX OF THIS CHAPTER.

12 S 2. The financial services law is amended by adding a new article 6
13 to read as follows:

14 ARTICLE 6

15 STUDENT LENDING TRANSPARENCY PROGRAM

16 SECTION 601. DEFINITIONS.

17 602. STUDENT LENDING TRANSPARENCY PROGRAM.

18 603. RULES AND REGULATIONS.

19 S 601. DEFINITIONS. THE FOLLOWING TERMS SHALL HAVE THE FOLLOWING MEAN-
20 INGS WHEN USED IN THIS ARTICLE:

21 A. "PRIVATE STUDENT LOANS" SHALL MEAN A PRIVATE LOAN ISSUED BY A
22 PRIVATE LENDING INSTITUTION FOR THE PURPOSES OF PAYING FOR OR FINANCING
23 HIGHER EDUCATION EXPENSES.

24 B. "PRIVATE LENDING INSTITUTIONS" OR "PRIVATE LENDERS" SHALL MEAN ANY
25 PRIVATE ENTITY THAT ITSELF OR THROUGH AN AFFILIATE MAKES AVAILABLE
26 STUDENT LOANS TO PAY FOR OR FINANCE HIGHER EDUCATION EXPENSES.

27 C. "STUDENT BORROWER" SHALL MEAN ANY INDIVIDUAL WHO BORROWS MONEY FROM
28 A PRIVATE LENDING INSTITUTION TO FINANCE HIGHER EDUCATION EXPENSES.

29 D. "HIGHER EDUCATION EXPENSES" SHALL INCLUDE THE FOLLOWING:

30 (I) TUITION AND FEES;

31 (II) BOOKS AND SUPPLIES; AND

32 (III) ROOM AND BOARD.

33 S 602. STUDENT LENDING TRANSPARENCY PROGRAM. 1. THE SUPERINTENDENT
34 SHALL ESTABLISH A PROGRAM TO COMPILE DATA RELATED TO PRIVATE STUDENT
35 LOANS FOR THE PURPOSE OF COMPARING PRIVATE LENDING INSTITUTION'S STUDENT
36 LOAN INTEREST RATES AND REPAYMENT PLANS, INCLUDING POLICIES RELATING TO
37 DEFERMENT AND FORBEARANCE, DEFAULT POLICIES AND PENALTIES, AND ANY OTHER
38 INFORMATION THAT THE SUPERINTENDENT DEEMS RELEVANT FOR THE PURPOSE OF
39 CREATING A LIST OF PRIVATE LENDERS WHO PROVIDE THE LOWEST RATES AND BEST
40 REPAYMENT OPTIONS ON STUDENT LOANS. SUCH LIST SHALL BE CREATED AND MAIN-
41 TAINED BY THE SUPERINTENDENT OR HIS DESIGNEE AND SHALL BE PLACED ON AN
42 EASILY ACCESSIBLE WEBSITE THAT SHALL BE MADE AVAILABLE TO BE LINKED TO
43 THE WEBSITE OF THE HIGHER EDUCATION SERVICES CORPORATION PURSUANT TO
44 SUBDIVISION THIRTEEN OF SECTION SIX HUNDRED FIFTY-FIVE OF THE EDUCATION
45 LAW AND TO COLLEGES AND UNIVERSITIES WEBSITES PURSUANT TO ARTICLE 14-B
46 OF THE EDUCATION LAW.

47 2. SUCH WEBSITE SHALL BE UPDATED ON A MONTHLY BASIS TO ENSURE THAT THE
48 STUDENT LOAN INFORMATION IS CURRENT AND ACCURATE. THE SUPERINTENDENT OR
49 HIS OR HER DESIGNEE SHALL COMPILE A LIST OF THE TOP TEN BEST PRIVATE
50 LENDING INSTITUTIONS BASED UPON RATES AND POLICIES THAT ARE MOST FAVORA-
51 BLE TO THE STUDENT BORROWER. THE SUPERINTENDENT MAY ALSO CONSIDER THE
52 PRIVATE LENDING INSTITUTIONS POLICIES FOR ALLOWING A STUDENT BORROWER TO
53 BORROW MORE THAN TEN PERCENT OVER SUCH STUDENT BORROWER'S TOTAL COST OF
54 HIGHER EDUCATION EXPENSES WHEN DETERMINING IF A PRIVATE LENDING INSTITU-
55 TION SHOULD BE PLACED ON SUCH LIST. INFORMATION PERTAINING TO LENDING
56 INSTITUTIONS THAT DO NOT MAKE THE TOP TEN LIST SHALL ALSO BE POSTED ON

1 SUCH WEBSITE AND THOSE LENDING INSTITUTIONS THAT PROVIDE THE WORST RATES
2 AND STRICTEST REPAYMENT OPTIONS SHALL BE CLEARLY INDICATED.

3 S 603. RULES AND REGULATIONS. THE SUPERINTENDENT SHALL PROMULGATE ALL
4 RULES AND REGULATIONS NECESSARY FOR THE IMPLEMENTATION OF THIS ARTICLE.

5 S 3. Section 655 of the education law is amended by adding a new
6 subdivision 13 to read as follows:

7 13. TO CREATE A LINK ON THE CORPORATION'S WEBSITE TO THE DEPARTMENT OF
8 FINANCIAL SERVICES WEBSITE PURSUANT TO SUBDIVISION ONE OF SECTION SIX
9 HUNDRED TWO OF THE FINANCIAL SERVICES LAW.

10 S 4. The education law is amended by adding a new article 14-B to read
11 as follows:

12 ARTICLE 14-B

13 STUDENT LENDING TRANSPARENCY PROGRAM

14 SECTION 697. CREATION OF PROGRAM.

15 698. ACCESS TO INFORMATION.

16 699. LINKS TO DEPARTMENT OF FINANCIAL SERVICES.

17 S 697. CREATION OF PROGRAM. THE STUDENT LENDING TRANSPARENCY PROGRAM
18 IS HEREBY ESTABLISHED TO ENSURE THAT NEW YORK STATE COLLEGES PROVIDE THE
19 MOST ACCURATE AND TRANSPARENT INFORMATION WITH REGARD TO STUDENT LOANS.

20 S 698. ACCESS TO INFORMATION. NOTWITHSTANDING ANY OTHER LAW, RULE OR
21 REGULATION TO THE CONTRARY, NEW YORK STATE COLLEGES AS DEFINED IN
22 SECTION SIX HUNDRED ONE OF ARTICLE THIRTEEN OF THE EDUCATION LAW, SHALL
23 BE REQUIRED THROUGH THEIR FINANCIAL AID OFFICES TO PROVIDE TO PROSPEC-
24 TIVE OR NEWLY ACCEPTED STUDENTS AND PARENTS CLEARLY OUTLINED AND EASY TO
25 UNDERSTAND INFORMATION PERTAINING TO THE TOTAL COST OF ATTENDANCE AT
26 THEIR INSTITUTION, THE APPROXIMATE OR ACTUAL TOTAL AMOUNT OF FINANCIAL
27 AID THEY WOULD RECEIVE FROM SUCH INSTITUTION AND THE APPROXIMATE OR
28 ACTUAL TOTAL AMOUNT OF STUDENT LOAN DEBT THEY WOULD ACCUMULATE OVER THE
29 COURSE OF FOUR YEARS IF THEY ATTENDED SUCH COLLEGE. THE INFORMATION
30 PROVIDED MUST ALSO INCLUDE STUDENT LOAN RATES, INFORMATION ON REPAYMENT
31 PLANS AND DEFAULT RATES AND THE ACTUAL COST OF THE AVERAGE MONTHLY
32 PAYMENT THAT WOULD BE REQUIRED UPON GRADUATION WHEN SUCH LOANS WOULD
33 BECOME DUE.

34 S 699. LINKS TO DEPARTMENT OF FINANCIAL SERVICES. NEW YORK STATE
35 COLLEGES THAT MAINTAIN AN OFFICIAL COLLEGE WEBSITE SHALL ALSO BE
36 REQUIRED TO ADD A LINK ON EACH OF THEIR WEBSITES TO THE DEPARTMENT OF
37 FINANCIAL SERVICES WEBSITE ON STUDENT LENDING TRANSPARENCY CREATED
38 PURSUANT TO ARTICLE SIX OF THE FINANCIAL SERVICES LAW.

39 S 5. This act shall take effect on the one hundred eightieth day after
40 it shall have become a law.

41 PART D

42 Section 1. The education law is amended by adding a new section 355-d
43 to read as follows:

44 S 355-D. NEW YORK STATE PRE-PAY TUITION SAVINGS PROGRAM. 1. FOR
45 PURPOSES OF THIS SECTION, THE FOLLOWING TERMS SHALL HAVE THE FOLLOWING
46 MEANINGS:

47 A. "PARTICIPANT" SHALL MEAN A NEW YORK STATE RESIDENT WHO ENROLLS AN
48 ELIGIBLE CHILD AND MAKES PAYMENTS ON BEHALF OF SUCH ELIGIBLE CHILD, AND
49 SHALL INCLUDE BUT NOT BE LIMITED TO SUCH ELIGIBLE CHILD'S PARENT OR
50 GUARDIAN.

51 B. "ELIGIBLE CHILD" SHALL MEAN A CHILD FIVE YEARS OF AGE OR OLDER, WHO
52 IS ENROLLED IN THE NEW YORK STATE PRE-PAY TUITION PROGRAM BY A PARTIC-
53 IPANT.

1 C. "THE FUND" SHALL MEAN THE NEW YORK STATE PRE-PAY TUITION FUND
2 ESTABLISHED BY SECTION NINETY-NINE-U OF THE STATE FINANCE LAW.

3 D. "TOTAL COST OF EDUCATION" SHALL MEAN THE AVERAGE SYSTEM-WIDE YEARLY
4 TOTAL COST OF A FOUR YEAR EDUCATION AT THE STATE UNIVERSITY OF NEW YORK
5 INCLUDING TUITION, ROOM AND BOARD AND ALL APPLICABLE FEES. DURING EACH
6 YEAR OF PARTICIPATION, THE TOTAL COST OF EDUCATION SHALL BE CALCULATED
7 BASED UPON THE CURRENT YEAR'S COST UNTIL THE FINAL PAYMENT IS MADE.

8 2. THE NEW YORK STATE PRE-PAY TUITION SAVINGS PROGRAM IS HEREBY ESTAB-
9 LISHED AND SHALL BE CONTROLLED AND ADMINISTERED BY THE NEW YORK STATE
10 COMPTROLLER OR HIS OR HER DESIGNEE IN CONSULTATION WITH THE CHANCELLOR
11 OF THE STATE UNIVERSITY OF NEW YORK (SUNY) OR HIS OR HER DESIGNEE AND
12 THE CHANCELLOR OF THE CITY UNIVERSITY OF NEW YORK (CUNY) OR HIS OR HER
13 DESIGNEE.

14 3. A. A PARTICIPANT MAY ENROLL AN ELIGIBLE CHILD BEGINNING AT FIVE
15 YEARS OF AGE AND PAY ONE-THIRD OF THE COST OF THE TOTAL COST OF EDUCA-
16 TION EACH YEAR FOR THE DURATION OF TWELVE CONSECUTIVE YEARS.

17 B. A PARTICIPANT MAY ENROLL AN ELIGIBLE CHILD BEGINNING AT SIX YEARS
18 OF AGE AND PAY ONE-THIRD OF THE TOTAL COST OF EDUCATION EACH YEAR FOR
19 THE DURATION OF TWELVE YEARS.

20 C. IF A PARTICIPANT ENROLLS AN ELIGIBLE CHILD AT AGE SEVEN OR THERE-
21 AFTER, YEARLY PAYMENTS SHALL BE DETERMINED BY THE SUNY CHANCELLOR OR HIS
22 OR HER DESIGNEE AND APPROVED BY THE STATE COMPTROLLER OR HIS OR HER
23 DESIGNEE BASED UPON A FORMULA THAT CONSIDERS THE CHILD'S AGE AT THE TIME
24 OF ENROLLMENT AND EVENLY DIVIDES THE YEARLY AVERAGE TOTAL COST OF A FOUR
25 YEAR SUNY EDUCATION BUT ENSURES THAT THE LAST PAYMENT WILL BE RECEIVED
26 WITHIN THE CALENDAR YEAR WHEN THE ELIGIBLE CHILD GRADUATES OR IS SCHED-
27 ULED TO GRADUATE HIGH SCHOOL.

28 D. (1) UPON ENROLLMENT OF AN ELIGIBLE CHILD INTO THE PROGRAM, THE
29 PARTICIPANT SHALL RECEIVE A BILL FROM THE STATE COMPTROLLER OR HIS OR
30 HER DESIGNEE CLEARLY STATING THE TOTAL COST OF EDUCATION FOR THAT YEAR,
31 AND THE MONTHLY PAYMENT AMOUNT DUE TO BE DEPOSITED IN THE FUND, PROVIDED
32 HOWEVER, THAT AT ANY TIME WITHIN SUCH YEAR, THE TOTAL COST OF EDUCATION
33 FOR THAT YEAR MAY BE PAID IN FULL WITHOUT PENALTY.

34 (2) PROVIDED FURTHER HOWEVER, THAT A PAYMENT PLAN OTHER THAN MONTHLY
35 BILLING MAY BE ESTABLISHED BASED ON RULES AND REGULATIONS PROMULGATED
36 PURSUANT TO SUBDIVISION FOUR OF THIS SECTION.

37 E. (1) PAYMENTS DEPOSITED INTO THE FUND SHALL NOT BE ELIGIBLE FOR
38 WITHDRAWAL AT ANY TIME BEFORE THE ELIGIBLE CHILD FOR WHOM THE PARTIC-
39 IPANT IS PAYING, REACHES THE AGE OF HIGH SCHOOL GRADUATION OR THE AGE
40 WHEN SUCH CHILD SHOULD HAVE GRADUATED.

41 (2) UPON THE ELIGIBLE CHILD REACHING THE AGE OF HIGH SCHOOL GRADU-
42 ATION, THE PARTICIPANT MAY CHOOSE TO WITHDRAW THE TOTAL BALANCE THAT
43 SUCH PARTICIPANT PAID INTO THE FUND AND NO LONGER PARTICIPATE IN THE
44 PROGRAM.

45 F. (1) UPON SUBMISSION OF THE LAST PAYMENT, THE ACTUAL COST OF WHAT A
46 TWO YEAR PROGRAM AT SUNY, A TWO YEAR PROGRAM AT CUNY AND A FOUR YEAR
47 PROGRAM AT CUNY WOULD HAVE COST IN EACH YEAR THAT A PARTICIPANT
48 COMPLETED PAYMENTS FOR THE FIRST YEAR, THE SECOND YEAR, THE THIRD YEAR
49 AND THE FOURTH YEAR OF THE TOTAL COST OF EDUCATION, SHALL BE CALCULATED.

50 (2) THE ACTUAL COST SHALL BE CALCULATED IN THE SAME MANNER AS THE
51 TOTAL COST OF EDUCATION BY THE COMPTROLLER OR HIS OR HER DESIGNEE IN
52 CONSULTATION WITH THE SUNY CHANCELLOR OR HIS OR HER DESIGNEE AND THE
53 CUNY CHANCELLOR OR HIS OR HER DESIGNEE.

54 G. ONCE AN ELIGIBLE CHILD HAS GRADUATED HIGH SCHOOL OR HAS REACHED THE
55 AGE OF SUCH CHILD'S SCHEDULED HIGH SCHOOL GRADUATION, AND IT HAS BEEN

1 DETERMINED THAT ALL REQUIRED PAYMENTS HAVE BEEN DEPOSITED INTO THE FUND,
2 THE PARTICIPANTS HAVE THE FOLLOWING OPTIONS:

3 (1) SUNY. (I) IF A PARTICIPANT'S ELIGIBLE CHILD APPLIES TO, IS
4 ACCEPTED TO, AND ENROLLS IN A FOUR YEAR DEGREE PROGRAM AT SUNY, THEN
5 SUCH ELIGIBLE CHILD'S FINANCIAL OBLIGATIONS HAVE BEEN MET TO ATTEND FOR
6 THE DURATION OF FOUR CONSECUTIVE YEARS IN SUCH SUNY PROGRAM AND THE
7 COMPTROLLER OR HIS OR HER DESIGNEE SHALL SUBMIT PAYMENTS TO SUCH COLLEGE
8 AND PROVIDE ANY REFUNDS DUE TO THE PARTICIPANT, BASED UPON RULES AND
9 REGULATIONS ESTABLISHED PURSUANT TO SUBDIVISION FOUR OF THIS SECTION.

10 (II) (A) IF A PARTICIPANT'S ELIGIBLE CHILD APPLIES TO, GETS ACCEPTED
11 TO, AND ENROLLS IN A TWO YEAR PROGRAM AT SUNY, THEN SUCH ELIGIBLE
12 CHILD'S FINANCIAL OBLIGATIONS HAVE BEEN MET TO ATTEND AND THE COMP-
13 TROLLER OR HIS OR HER DESIGNEE SHALL SUBMIT PAYMENTS TO SUCH COLLEGE AND
14 SHALL PROVIDE A REFUND TO THE PARTICIPANT FOR THE DIFFERENCE BETWEEN THE
15 COST OF A TWO YEAR PROGRAM AND THE FOUR YEAR PROGRAM FOR WHICH THEY
16 PAID, INCLUDING ANY ADDITIONAL REFUNDS DUE TO THE PARTICIPANT, CALCU-
17 LATED UPON SUBMISSION OF THE PARTICIPANT'S LAST PAYMENT AND BASED UPON
18 RULES AND REGULATIONS ESTABLISHED PURSUANT TO SUBDIVISION FOUR OF THIS
19 SECTION.

20 (B) AT THAT TIME, SUCH PARTICIPANT SHALL HAVE THE OPTION TO WITHDRAW
21 THE REMAINDER OF THE BALANCE THAT SUCH PARTICIPANT PAID INTO THE FUND,
22 OR MAY CHOOSE TO KEEP THE REMAINDER IN THE FUND TO BE APPLIED TO A FOUR
23 YEAR PROGRAM IN THE EVENT THAT THE ELIGIBLE CHILD TRANSFERS TO A FOUR
24 YEAR PROGRAM.

25 (C) IF SUCH ELIGIBLE CHILD TRANSFERS TO A FOUR YEAR PROGRAM AT CUNY,
26 THE PARTICIPANT SHALL RECEIVE A REFUND FOR THE DIFFERENCE BETWEEN THE
27 ACTUAL COST OF EDUCATION AT CUNY AND THE FOUR YEAR PROGRAM FOR WHICH
28 THEY PAID, INCLUDING ANY ADDITIONAL REFUNDS DUE TO THE PARTICIPANT,
29 CALCULATED AT THE TIME OF THE SUBMISSION OF THE PARTICIPANT'S LAST
30 PAYMENT.

31 (III) IF SUCH ELIGIBLE CHILD TRANSFERS TO A FOUR YEAR PROGRAM AT A NEW
32 YORK STATE PRIVATE SCHOOL, THE PARTICIPANT MAY CHOOSE TO HAVE THE
33 REMAINDER OF THE BALANCE THAT SUCH PARTICIPANT PAID INTO THE FUND,
34 APPLIED TO THE COST OF EDUCATION AT SUCH PRIVATE SCHOOL.

35 (IV) IF SUCH ELIGIBLE CHILD TRANSFERS TO AN OUT-OF-STATE COLLEGE, THE
36 PARTICIPANT SHALL RECEIVE THE REMAINDER OF THE BALANCE THAT SUCH PARTIC-
37 IPANT PAID INTO THE FUND.

38 (2) CUNY. (I) IF A PARTICIPANT'S ELIGIBLE CHILD APPLIES TO, GETS
39 ACCEPTED TO AND ENROLLS IN A FOUR YEAR DEGREE PROGRAM AT CUNY, THEN SUCH
40 ELIGIBLE CHILD'S FINANCIAL OBLIGATIONS HAVE BEEN MET TO ATTEND AND THE
41 COMPTROLLER OR HIS OR HER DESIGNEE SHALL SUBMIT PAYMENTS TO SUCH
42 COLLEGE, AND SHALL PROVIDE A REFUND TO THE PARTICIPANT FOR THE DIFFER-
43 ENCE BETWEEN THE ACTUAL COST OF EDUCATION FOR A FOUR YEAR PROGRAM AT
44 CUNY AND THE FOUR YEAR PROGRAM FOR WHICH THEY PAID, INCLUDING ANY ADDI-
45 TIONAL REFUNDS DUE TO THE PARTICIPANT, CALCULATED AT THE TIME OF THE
46 SUBMISSION OF THE PARTICIPANT'S LAST PAYMENT BASED UPON RULES AND REGU-
47 LATIONS ESTABLISHED PURSUANT TO SUBDIVISION FOUR OF THIS SECTION.

48 (II) (A) IF A PARTICIPANT'S ELIGIBLE CHILD APPLIES TO, GETS ACCEPTED
49 TO AND ENROLLS IN A TWO YEAR PROGRAM AT CUNY, THEN SUCH ELIGIBLE CHILD'S
50 FINANCIAL OBLIGATIONS HAVE BEEN MET TO ATTEND AND THE COMPTROLLER OR HIS
51 OR HER DESIGNEE SHALL SUBMIT PAYMENTS TO SUCH COLLEGE AND SHALL PROVIDE
52 A REFUND TO THE PARTICIPANT FOR THE DIFFERENCE BETWEEN THE COST OF A TWO
53 YEAR PROGRAM AND THE FOUR YEAR PROGRAM FOR WHICH THEY PAID, INCLUDING
54 ANY ADDITIONAL REFUNDS DUE TO THE PARTICIPANT, CALCULATED UPON
55 SUBMISSION OF THE PARTICIPANT'S LAST PAYMENT AND BASED UPON RULES AND
56 REGULATIONS ESTABLISHED PURSUANT TO SUBDIVISION FOUR OF THIS SECTION.

1 (B) AT THAT TIME, SUCH PARTICIPANT SHALL HAVE THE OPTION TO WITHDRAW
2 THE REMAINDER OF THE BALANCE THAT SUCH PARTICIPANT PAID INTO THE FUND,
3 OR MAY CHOOSE TO KEEP THE REMAINDER IN THE FUND TO BE APPLIED TO A FOUR
4 YEAR PROGRAM IN THE EVENT THAT THE ELIGIBLE CHILD TRANSFERS TO A FOUR
5 YEAR PROGRAM.

6 (C) IF SUCH ELIGIBLE CHILD TRANSFERS TO A FOUR YEAR PROGRAM AT CUNY,
7 THE PARTICIPANT SHALL RECEIVE A REFUND FOR THE DIFFERENCE BETWEEN THE
8 ACTUAL COST OF EDUCATION AT CUNY AND THE FOUR YEAR PROGRAM FOR WHICH
9 THEY PAID, INCLUDING ANY ADDITIONAL REFUNDS DUE TO THE PARTICIPANT,
10 CALCULATED AT THE TIME OF THE SUBMISSION OF THE PARTICIPANT'S LAST
11 PAYMENT.

12 (D) IF SUCH ELIGIBLE CHILD TRANSFERS TO A FOUR YEAR PROGRAM AT SUNY,
13 THEN SUCH ELIGIBLE CHILD'S FINANCIAL OBLIGATIONS HAVE BEEN MET TO ATTEND
14 AND THE COMPTROLLER OR HIS OR HER DESIGNEE SHALL SUBMIT PAYMENTS TO SUCH
15 COLLEGE, AND PROVIDE ANY REFUNDS DUE TO THE PARTICIPANT, BASED UPON
16 RULES AND REGULATIONS ESTABLISHED PURSUANT TO SUBDIVISION FOUR OF THIS
17 SECTION.

18 (III) IF AN ELIGIBLE STUDENT TRANSFERS TO A NEW YORK STATE PRIVATE
19 SCHOOL, THE PARTICIPANT MAY CHOOSE TO HAVE THE REMAINDER OF THE BALANCE
20 THAT SUCH PARTICIPANT PAID INTO THE FUND, APPLIED TO THE COST OF EDUCA-
21 TION AT SUCH PRIVATE SCHOOL.

22 (IV) IF SUCH ELIGIBLE CHILD TRANSFERS TO AN OUT-OF-STATE COLLEGE, THE
23 PARTICIPANT SHALL RECEIVE THE REMAINDER OF THE BALANCE THAT SUCH PARTIC-
24 IPANT PAID INTO THE FUND.

25 (3) NEW YORK STATE PRIVATE SCHOOL. IF A PARTICIPANT'S ELIGIBLE CHILD
26 APPLIES TO, GETS ACCEPTED TO AND ENROLLS IN A FOUR YEAR DEGREE PROGRAM
27 OR A TWO YEAR DEGREE PROGRAM AT A NEW YORK STATE PRIVATE SCHOOL, A
28 PARTICIPANT MAY CHOOSE TO HAVE THE BALANCE THAT SUCH PARTICIPANT PAID
29 INTO THE FUND APPLIED TO THE COST OF EDUCATION AT SUCH PRIVATE SCHOOL OR
30 SUCH PARTICIPANT MAY CHOOSE TO WITHDRAW THE TOTAL CONTRIBUTION THAT SUCH
31 PARTICIPANT PAID INTO THE FUND BASED UPON RULES AND REGULATIONS PROMUL-
32 GATED PURSUANT TO SUBDIVISION FOUR OF THIS SECTION.

33 (4) OUT-OF-STATE SCHOOL OR NON-ACCEPTANCE INTO A NEW YORK STATE
34 COLLEGE, OR IF AN ELIGIBLE CHILD DOES NOT APPLY TO COLLEGE. IF A PARTIC-
35 IPANT'S ELIGIBLE CHILD APPLIES TO, GETS ACCEPTED TO AND ENROLLS IN AN
36 OUT-OF-STATE SCHOOL OR IF A PARTICIPANT'S ELIGIBLE CHILD DOES NOT GET
37 ACCEPTED INTO A NEW YORK STATE COLLEGE, OR CHOOSES NOT TO ATTEND
38 COLLEGE, THEN SUCH PARTICIPANT SHALL WITHDRAW THE TOTAL CONTRIBUTION
39 THAT SUCH PARTICIPANT PAID INTO THE FUND BASED UPON RULES AND REGU-
40 LATIONS PROMULGATED PURSUANT TO SUBDIVISION FOUR OF THIS SECTION.

41 (5) NON-PAYMENT. (I) IF A PARTICIPANT CANNOT MAKE THE REQUIRED
42 PAYMENTS AT ANY TIME AFTER ENROLLMENT OF AN ELIGIBLE CHILD, THEN SUCH
43 PARTICIPANT MAY WITHDRAW THE BALANCE THAT SUCH PARTICIPANT HAS PAID INTO
44 THE FUND AT SUCH TIME THAT THE ELIGIBLE CHILD GRADUATES HIGH SCHOOL OR
45 REACHES THE AGE OF SCHEDULED GRADUATION.

46 (II) IF SUCH PARTICIPANT CANNOT MAKE PAYMENT BUT WISHES TO CONTINUE
47 PAYING INTO THE PROGRAM, SUCH PARTICIPANT MAY RESUME PAYMENTS CALCULATED
48 UNDER A NEW SCHEDULE BASED UPON THE ELIGIBLE CHILD'S CURRENT AGE AND THE
49 CURRENT TOTAL COST OF EDUCATION.

50 (6) DEATH OF ELIGIBLE CHILD. IN THE EVENT OF THE DEATH OF AN ENROLLED
51 ELIGIBLE CHILD, THE PARTICIPANT MAY WITHDRAW THE TOTAL BALANCE THAT SUCH
52 PARTICIPANT PAID INTO THE FUND OR MAY ELECT TO HAVE A SCHOLARSHIP IN THE
53 AMOUNT OF SUCH TOTAL BALANCE AWARDED TO ANOTHER STUDENT IN THE NAME OF
54 SUCH DECEASED ELIGIBLE CHILD, UPON SUBMISSION OF A DEATH CERTIFICATE AND
55 BASED UPON RULES AND REGULATIONS PROMULGATED PURSUANT TO SUBDIVISION
56 FOUR OF THIS SECTION.

1 4. THE COMPTROLLER OR HIS OR HER DESIGNEE, IN CONSULTATION WITH THE
2 SUNY CHANCELLOR OR HIS OR HER DESIGNEE AND THE CUNY CHANCELLOR OR HIS OR
3 HER DESIGNEE, SHALL PROMULGATE ALL NECESSARY RULES AND REGULATIONS FOR
4 THE SUCCESSFUL IMPLEMENTATION OF THIS SECTION. SUCH RULES AND REGU-
5 LATIONS SHALL INCLUDE PROVISIONS TO ADDRESS AN ELIGIBLE CHILD'S ELIGI-
6 BILITY FOR TUITION ASSISTANCE PROGRAM AWARDS OR ANY OTHER SCHOLARSHIPS,
7 GRANTS OR AWARDS, TO ENSURE THAT THE VALUE OF SUCH AWARDS ARE REFUNDED
8 TO THAT PARTICIPANT OR ELIGIBLE CHILD.

9 S 2. The state finance law is amended by adding a new section 99-u to
10 read as follows:

11 S 99-U. NEW YORK STATE PRE-PAY TUITION FUND. 1. THERE IS HEREBY
12 ESTABLISHED WITHIN THE CUSTODY OF THE STATE COMPTROLLER, OR HIS OR HER
13 DESIGNEE, IN CONSULTATION WITH THE SUNY CHANCELLOR OR HIS OR HER DESIG-
14 NEE AND THE CUNY CHANCELLOR OR HIS OR HER DESIGNEE, A NEW FUND TO BE
15 KNOWN A THE NEW YORK STATE PRE-PAY TUITION FUND.

16 2. ALL MONIES RECEIVED PURSUANT TO THE NEW YORK STATE PRE-PAY TUITION
17 PROGRAM SHALL BE DEPOSITED INTO THIS FUND AND SHALL BE MANAGED PURSUANT
18 TO SECTION THREE HUNDRED FIFTY-FIVE-D OF THE EDUCATION LAW.

19 3. ALL NECESSARY RULES AND REGULATIONS FOR THE SUCCESSFUL ADMINIS-
20 TRATION, INVESTMENT AND MANAGEMENT OF SUCH FUND SHALL BE PROMULGATED BY
21 THE STATE COMPTROLLER OR HIS OR HER DESIGNEE IN CONSULTATION WITH THE
22 SUNY CHANCELLOR OR HIS OR HER DESIGNEE OR THE CUNY CHANCELLOR OR HIS OR
23 HER DESIGNEE.

24 S 3. Paragraph 33 of subsection (c) of section 612 of the tax law, as
25 added by chapter 546 of the laws of 1997, is amended to read as follows:

26 (33) Distributions from a family tuition account established under the
27 New York state college choice tuition savings program provided for under
28 article fourteen-A of the education law OR DISTRIBUTIONS FROM THE NEW
29 YORK STATE PRE-PAY TUITION SAVINGS PROGRAM PROVIDED FOR UNDER SECTION
30 THREE HUNDRED FIFTY-FIVE-D OF THE EDUCATION LAW, to the extent includi-
31 ble in gross income for federal income tax purposes.

32 S 4. Nothing in this act shall be construed to guarantee acceptance
33 into any New York state college.

34 S 5. This act shall take effect one year after it shall have become a
35 law; provided however that effective immediately the New York state
36 comptroller or his or her designee, in consultation with the chancellor
37 of the state university of New York or his or her designee and the chan-
38 cellor of the city university of New York or his or her designee, shall
39 promulgate all necessary rules and regulations for the timely implemen-
40 tation of this act on or before such effective date.

41 S 2. Severability. If any clause, sentence, paragraph, section or part
42 of this act shall be adjudged by any court of competent jurisdiction to
43 be invalid and after exhaustion of all further judicial review, the
44 judgment shall not affect, impair, or invalidate the remainder thereof,
45 but shall be confined in its operation to the clause, sentence, para-
46 graph, section or part of this act directly involved in the controversy
47 in which the judgment shall have been rendered.

48 S 3. This act shall take effect immediately provided, however, that
49 the applicable effective date of Parts A through D of this act shall be
50 as specifically set forth in the last section of such Parts.