

4576

2013-2014 Regular Sessions

I N S E N A T E

April 11, 2013

Introduced by Sen. LAVALLE -- read twice and ordered printed, and when printed to be committed to the Committee on Investigations and Government Operations

AN ACT to amend the tax law, in relation to providing a tax credit for allowable college expenses

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Section 606 of the tax law is amended by adding a new
2 subsection (u) to read as follows:
3 (U) STAY IN NEW YORK CREDIT. (1) GENERAL. (A) A RESIDENT TAXPAYER
4 SHALL BE ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE FOR
5 ALLOWABLE COLLEGE EXPENSES. THE AMOUNT OF THE CREDIT SHALL BE EQUAL TO
6 TWENTY-FIVE PERCENT OF ALLOWABLE COLLEGE EXPENSES, CAPPED AT THREE THOU-
7 SAND DOLLARS. THE CREDIT SHALL BE ALLOWED ONLY IN THE FIRST TAXABLE YEAR
8 SUBSEQUENT TO THE TAXPAYER'S COMPLETION OF A COURSE OF STUDY LEADING TO
9 THE GRANTING OF A BACCALAUREATE DEGREE AND IN EACH OF THE NEXT THREE
10 TAXABLE YEARS.
11 (B) IN ORDER TO QUALIFY FOR THE CREDIT, THE ELIGIBLE TAXPAYER SHALL:
12 (I) HAVE COMPLETED THE COURSE OF STUDY LEADING TO THE GRANTING OF A
13 BACCALAUREATE DEGREE FROM AN INSTITUTION OF HIGHER EDUCATION WITHIN FOUR
14 YEARS FROM THE COMMENCEMENT OF SUCH COURSE OF STUDY. PROVIDED, HOWEVER,
15 IF THE ELIGIBLE TAXPAYER WAS EMPLOYED IN EXCESS OF THREE HUNDRED HOURS
16 PER SEMESTER, THE ELIGIBLE TAXPAYER SHALL HAVE COMPLETED THE COURSE OF
17 STUDY LEADING TO THE GRANTING OF A BACCALAUREATE DEGREE WITHIN FIVE
18 YEARS FROM THE COMMENCEMENT OF SUCH COURSE OF STUDY;
19 (II) BE EMPLOYED FULL-TIME WITHIN THE STATE; AND
20 (III) HAVE COMPLETED TWENTY HOURS OF COMMUNITY SERVICE PER SEMESTER OF
21 ENROLLMENT IN AN INSTITUTION OF HIGHER EDUCATION. PROVIDED, HOWEVER, FOR
22 THOSE ELIGIBLE TAXPAYERS WHO HAVE BEEN GRANTED DEGREES WITHIN THREE
23 YEARS OF THE EFFECTIVE DATE OF THIS SUBSECTION, SUCH TAXPAYERS SHALL

EXPLANATION--Matter in *ITALICS* (underscored) is new; matter in brackets
[] is old law to be omitted.

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1 COMPLETE THE COMMUNITY SERVICE WITHIN THE FIRST TAXABLE YEAR IN WHICH
2 THE CREDIT IS CLAIMED.

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

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

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

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

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

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

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

39 (A) The term "allowable college tuition expenses" shall mean the
40 amount of qualified college tuition expenses of eligible students paid
41 by the taxpayer during the taxable year[,]. THE AMOUNT OF QUALIFIED
42 COLLEGE TUITION EXPENSES SHALL BE limited [to] AS FOLLOWS: FOR TAXABLE
43 YEARS BEGINNING AFTER TWO THOUSAND AND BEFORE TWO THOUSAND THIRTEEN, ten
44 thousand dollars for each such student; FOR TAXABLE YEARS BEGINNING IN
45 TWO THOUSAND THIRTEEN, TWELVE THOUSAND DOLLARS FOR EACH STUDENT; FOR
46 TAXABLE YEARS BEGINNING IN TWO THOUSAND FOURTEEN, FOURTEEN THOUSAND
47 DOLLARS FOR EACH STUDENT; FOR TAXABLE YEARS BEGINNING IN TWO THOUSAND
48 FIFTEEN, SIXTEEN THOUSAND DOLLARS FOR EACH STUDENT; FOR TAXABLE YEARS
49 BEGINNING IN TWO THOUSAND SIXTEEN, EIGHTEEN THOUSAND DOLLARS FOR EACH
50 STUDENT; AND FOR TAXABLE YEARS BEGINNING AFTER TWO THOUSAND SIXTEEN,
51 TWENTY THOUSAND DOLLARS PER STUDENT;

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

55 (4) Amount of credit. [If allowable college tuition expenses are less
56 than five thousand dollars, the amount of the credit provided under this

subsection shall be equal to the applicable percentage of the lesser of allowable college tuition expenses or two hundred dollars. If allowable college tuition expenses are five thousand dollars or more, the amount of the credit provided under this subsection shall be equal to the applicable percentage of the allowable college tuition expenses multiplied by four percent.]

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

(A) FOR TAXABLE YEARS BEGINNING AFTER TWO THOUSAND AND BEFORE TWO THOUSAND THIRTEEN:

IF ALLOWABLE COLLEGE TUITION EXPENSES ARE:

LESS THAN FIVE THOUSAND DOLLARS	THE TAX CREDIT IS EQUAL TO:
	THE APPLICABLE PERCENTAGE OF THE
	LESSER OF ALLOWABLE COLLEGE TUITION
	EXPENSES OR TWO HUNDRED DOLLARS
FIVE THOUSAND DOLLARS OR MORE	THE APPLICABLE PERCENTAGE OF
	ALLOWABLE COLLEGE TUITION EXPENSES
	MULTIPLIED BY FOUR PERCENT

(B) FOR TAXABLE YEARS BEGINNING IN TWO THOUSAND THIRTEEN:

IF ALLOWABLE COLLEGE TUITION EXPENSES ARE:

LESS THAN SIX THOUSAND DOLLARS	THE TAX CREDIT IS EQUAL TO:
	THE LESSER OF ALLOWABLE COLLEGE
	TUITION EXPENSES OR TWO HUNDRED
	FORTY DOLLARS
SIX THOUSAND DOLLARS OR MORE	THE ALLOWABLE COLLEGE TUITION
	EXPENSES MULTIPLIED BY FOUR PERCENT

(C) FOR TAXABLE YEARS BEGINNING IN TWO THOUSAND FOURTEEN:

IF ALLOWABLE COLLEGE TUITION EXPENSES ARE:

LESS THAN SEVEN THOUSAND DOLLARS	THE TAX CREDIT IS EQUAL TO:
	THE LESSER OF ALLOWABLE COLLEGE
	TUITION EXPENSES OR TWO HUNDRED
	EIGHTY DOLLARS
SEVEN THOUSAND DOLLARS OR MORE	THE ALLOWABLE COLLEGE TUITION
	EXPENSES MULTIPLIED BY FOUR PERCENT

(D) FOR TAXABLE YEARS BEGINNING IN TWO THOUSAND FIFTEEN:

IF ALLOWABLE COLLEGE TUITION EXPENSES ARE:

LESS THAN EIGHT THOUSAND DOLLARS	THE TAX CREDIT IS EQUAL TO:
	THE LESSER OF ALLOWABLE COLLEGE
	TUITION EXPENSES OR THREE HUNDRED
	TWENTY DOLLARS
EIGHT THOUSAND DOLLARS OR MORE	THE ALLOWABLE COLLEGE TUITION
	EXPENSES MULTIPLIED BY FOUR PERCENT

(E) FOR TAXABLE YEARS BEGINNING IN TWO THOUSAND SIXTEEN:

IF ALLOWABLE COLLEGE TUITION EXPENSES ARE:

LESS THAN NINE THOUSAND DOLLARS	THE TAX CREDIT IS EQUAL TO:
	THE LESSER OF ALLOWABLE COLLEGE
	TUITION EXPENSES OR THREE HUNDRED
	SIXTY DOLLARS
NINE THOUSAND DOLLARS OR MORE	THE ALLOWABLE COLLEGE TUITION
	EXPENSES MULTIPLIED BY FOUR PERCENT

(F) FOR TAXABLE YEARS BEGINNING AFTER TWO THOUSAND SIXTEEN:

IF ALLOWABLE COLLEGE TUITION EXPENSES ARE:

LESS THAN TEN THOUSAND DOLLARS	THE TAX CREDIT IS EQUAL TO:
	THE LESSER OF ALLOWABLE COLLEGE
	TUITION EXPENSES OR FOUR HUNDRED

1 DOLLARS
2 TEN THOUSAND DOLLARS OR MORE THE ALLOWABLE COLLEGE TUITION
3 EXPENSES MULTIPLIED BY FOUR PERCENT

4 Such applicable percentage shall be twenty-five percent for taxable
5 years beginning in two thousand one, fifty percent for taxable years
6 beginning in two thousand two, seventy-five percent for taxable years
7 beginning in two thousand three and one hundred percent for taxable
8 years beginning after two thousand three.

9 S 4. Subsection (t) of section 606 of the tax law is amended by adding
10 a new paragraph 4-a to read as follows:

11 (4-A) INFLATION ADJUSTMENT. (A) FOR TAXABLE YEARS BEGINNING IN OR
12 AFTER TWO THOUSAND SEVENTEEN, THE DOLLAR AMOUNTS IN SUBPARAGRAPH (A) OF
13 PARAGRAPH TWO AND PARAGRAPH FOUR OF THIS SUBSECTION SHALL BE MULTIPLIED
14 BY ONE PLUS THE INFLATION ADJUSTMENT.

15 (B) THE INFLATION ADJUSTMENT FOR ANY TAXABLE YEAR SHALL BE THE
16 PERCENTAGE, IF ANY, BY WHICH THE HIGHER EDUCATION PRICE INDEX FOR THE
17 ACADEMIC FISCAL YEAR ENDING IN THE IMMEDIATELY PRECEDING TAXABLE YEAR
18 EXCEEDS THE HIGHER EDUCATION PRICE INDEX FOR THE ACADEMIC FISCAL YEAR
19 ENDING JUNE, TWO THOUSAND SIXTEEN. FOR THE PURPOSES OF THIS PARAGRAPH,
20 THE HIGHER EDUCATION PRICE INDEX MEANS THE HIGHER EDUCATION PRICE INDEX
21 PUBLISHED BY THE COMMONFUND INSTITUTE.

22 (C) IF THE PRODUCT OF THE AMOUNTS IN SUBPARAGRAPHS (A) AND (B) OF THIS
23 PARAGRAPH IS NOT A MULTIPLE OF FIVE DOLLARS, SUCH INCREASE SHALL BE
24 ROUNDED TO THE NEXT MULTIPLE OF FIVE DOLLARS.

25 S 5. This act shall take effect immediately and shall apply to taxable
26 years beginning on or after January 1, 2013; provided, however, that
27 section one of this act shall apply to taxable years beginning on or
28 after January 1, 2014.