STATE OF NEW YORK

9207

2025-2026 Regular Sessions

IN ASSEMBLY

November 3, 2025

Introduced by M. of A. BARCLAY, PALMESANO, HAWLEY, BRABENEC, DiPIETRO, SMITH, MIKULIN, WALSH, MANKTELOW, MILLER, JENSEN, GALLAHAN, LEMONDES, DeSTEFANO, SIMPSON -- Multi-Sponsored by -- M. of A. BLANKENBUSH, K. BROWN, FRIEND -- read once and referred to the Committee on Ways and Means

AN ACT to amend the tax law, in relation to a tuition tax credit and increasing the amount of an allowable deduction (Part A); and to amend the tax law, in relation to reducing income by the amount of interest paid for student loans (Part B)

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. This act enacts into law components of legislation relating to Retain-NY. Each component is wholly contained within a Part identified as Parts A through B. The effective date for each particular provision contained within such Part is set forth in the last section of such Part. Any provision in any section contained within a Part, including the effective date of the Part, which makes reference to a section "of this act", when used in connection with that particular component, shall be deemed to mean and refer to the corresponding section of the Part in which it is found. Section three of this act sets forth the general effective date of this act.

PART A

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

(A) The term "allowable college tuition expenses" shall mean the amount of qualified college tuition expenses of eligible students paid by the taxpayer during the taxable year[~~,~~]**. The amount of qualified college tuition expenses shall be** limited [~~to~~] **as follows: for taxable**

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

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years beginning after two thousand and before two thousand twenty-five, ten thousand dollars for each such student, for taxable years beginning in or after two thousand twenty-five, fifteen thousand dollars for each such student;

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

(4) Amount of credit. [~~If allowable college tuition expenses are less 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 twenty-five:

If allowable college tuition expenses are:	The tax credit is equal to:
Less than five thousand dollars	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 or after two thousand twenty-five:

If allowable college tuition expenses are:	The tax credit is equal to:
Less than seven thousand five hundred dollars	the lesser of allowable college tuition expenses or two hundred ninety-five dollars
Seven thousand five hundred dollars or more	the allowable college tuition expenses multiplied by four percent

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

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

(4-a) Inflation adjustment. (A) For taxable years beginning in or after two thousand twenty-six, the dollar amounts in subparagraph (A) of paragraph two and paragraph four of this subsection shall be multiplied by one plus the inflation adjustment.

(B) The inflation adjustment for any tax year shall be the greater of: (i) two one-hundredths; or (ii) the higher education price index for the academic fiscal year in the immediately preceding tax year, with the result expressed as a decimal to four places. For the purposes of this paragraph, the higher education price index means the higher education price index published by the Common Fund Institute.

(C) If the product of the amounts in subparagraph (A) and subparagraph (B) of this paragraph is not a multiple of five dollars, such increase shall be rounded to the next multiple of five dollars.

§ 4. This act shall take effect immediately.

PART B

Section 1. Subsection (c) of section 612 of the tax law is amended by adding a new paragraph 48 to read as follows:

(48) For tax years commencing after December first, two thousand twenty-five, for eligible borrowers, all interest paid on student loans to the extent not deductible in determining federal adjusted gross income and not reimbursed. For the purposes of this paragraph, the following terms have the following meanings:

(i) "student loans" means any indebtedness incurred by the taxpayer solely for any qualified education loan defined by section 221(d) of the Internal Revenue Code from a lender.

(ii) "eligible borrower" shall mean a taxpayer who has incurred indebtedness on student loans as defined in subparagraph (i) of this paragraph on behalf of the taxpayer, the taxpayer's spouse, or any dependent of the taxpayer at the time the indebtedness was incurred.

(iii) "lender" means a bank, savings and loan association, credit union, pension fund, insurance company, school, or state lending agency.

§ 2. This act shall take effect immediately.

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

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