S T A T E   O F   N E W   Y O R K

1560

2009-2010 Regular Sessions

I N S E N A T E

February 3, 2009

Introduced by Sens. LAVALLE, ALESI, FLANAGAN, LITTLE, MORAHAN, ONORATO, PARKER, SAMPSON, SEWARD, VOLKER -- read twice and ordered printed, and when printed to be committed to the Committee on Corporations, Authorities and Commissions

AN ACT to amend the public authorities law, the education law and the tax law, in relation to the I live New York student loan and loan forgiveness program

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

Section 1. The public authorities law is amended by adding a new section 1679-c to read as follows:

S 1679-C. I LIVE NEW YORK STUDENT LOAN AND LOAN FORGIVENESS PROGRAM. 1. THE PURPOSE OF THE I LIVE NEW YORK STUDENT LOAN AND LOAN FORGIVENESS PROGRAM IS TO MAKE AVAILABLE TO STUDENTS WHO ARE RESIDING IN NEW YORK STATE AND IN FULL-TIME ATTENDANCE IN A NEW YORK STATE ASSOCIATE'S OR BACHELOR'S DEGREE-GRANTING INSTITUTION OR REGISTERED NOT-FOR-PROFIT BUSINESS SCHOOL QUALIFIED FOR TAX EXEMPTION UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE FOR FEDERAL INCOME TAX PURPOSES FINANCIAL ASSISTANCE BEYOND THE GRANTS AND LOANS AVAILABLE FROM STATE, FEDERAL AND PRIVATE SOURCES WHERE SUCH STUDENTS DEMONSTRATE REMAINING FINANCIAL NEED.

2. IN FURTHERANCE OF ITS POWERS UNDER THIS TITLE WITH RESPECT TO THE I LIVE NEW YORK STUDENT LOAN AND LOAN FORGIVENESS PROGRAM, THE AUTHORITY IS AUTHORIZED:

(A) TO RECEIVE AND ACCEPT FROM ANY SOURCE LOANS, CONTRIBUTIONS OR GRANTS FOR OR IN AID OF AN I LIVE NEW YORK STUDENT LOAN AND LOAN FORGIVENESS PROGRAM OR ANY PORTION THEREOF AND, WHEN DESIRABLE, TO USE SUCH FUNDS, PROPERTY OR LABOR ONLY FOR THE PURPOSES FOR WHICH IT WAS LOANED, CONTRIBUTED OR GRANTED;

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

LBD07838-01-9

(B) TO MAKE EDUCATION LOANS TO STUDENTS, FUNDING RESERVES, PROVIDING FOR CAPITALIZED INTEREST AND PAYING OTHER COSTS AND FEES INVOLVED IN MAKING STUDENT LOANS OR ISSUING BONDS;

(C) TO ISSUE BONDS NOT IN EXCESS OF SEVEN HUNDRED FIFTY MILLION DOLLARS FOR THE PURPOSE OF PROVIDING STUDENT LOANS, AND THE PURCHASING, ACQUIRING OR TAKING BY ASSIGNMENT OR OTHERWISE OF STUDENT LOANS, PROVIDED, HOWEVER, THAT EACH SUCH SALE OF BONDS SHALL BE SUBJECT TO THE APPROVAL OF THE PUBLIC AUTHORITIES CONTROL BOARD; AND

(D) TO PURCHASE STUDENT LOANS.

3. THE AUTHORITY SHALL ADOPT GUIDELINES CONSISTENT WITH FEDERAL LAW AND REGULATIONS TO THE EXTENT APPLICABLE WHICH SHALL INCLUDE BUT NOT BE LIMITED TO: (A) ELIGIBILITY CRITERIA FOR MAKING I LIVE NEW YORK STUDENT LOANS; (B) LIMITATIONS UPON THE PRINCIPAL AMOUNT AND THE TERMS OF AN I LIVE NEW YORK STUDENT LOAN WITH THE AGGREGATE MAXIMUM AMOUNT PER BORROWER NOT TO EXCEED THIRTY THOUSAND DOLLARS; AND (C) QUALIFICATIONS AND CHARACTERISTICS OF BORROWERS. SUCH GUIDELINES SHALL ALSO INCLUDE SUCH ELIGIBILITY STANDARDS FOR BORROWERS AS THE AUTHORITY SHALL DETERMINE ARE NECESSARY OR DESIRABLE IN ORDER TO EFFECTUATE THE PURPOSES OF THIS SECTION INCLUDING THE FOLLOWING: (I) EACH STUDENT SHALL HAVE BEEN ACCEPTED FOR REGULAR, NON-PROBATIONARY ENROLLMENT AT AN ELIGIBLE INSTITUTION AND IS ADJUDGED BY THE INSTITUTION TO HAVE THE ABILITY TO BENEFIT FROM THE INSTRUCTION OR TRAINING TO BE PROVIDED; OR, IN THE CASE OF A STUDENT ALREADY ATTENDING SUCH INSTITUTION, IS IN GOOD STANDING AND IS MAKING SATISFACTORY PROGRESS TOWARD HIS OR HER EDUCATIONAL GOALS AS DETERMINED BY THE AUTHORITY AND SHALL BE ENROLLED IN AN APPROVED PROGRAM BY THE DEPARTMENT UNDER THE PROVISIONS OF SECTION SIX HUNDRED ONE OF THE EDUCATION LAW, AND SHALL HAVE A CERTIFICATE OF ENROLLMENT OR ACCEPTANCE FOR ENROLLMENT AT A SPECIFIC PARTICIPATING INSTITUTION FOR HIGHER EDUCATION; PROVIDED HOWEVER, THAT I LIVE NEW YORK STUDENT LOANS SHALL BE GRANTED TO STUDENTS ENROLLED IN THEIR FIRST ACADEMIC YEAR OF STUDY IN THE FALL SEMESTER OF TWO THOUSAND TEN, TO STUDENTS ENROLLED IN THEIR FIRST AND SECOND ACADEMIC YEARS OF STUDY IN THE FALL SEMESTER OF TWO THOUSAND ELEVEN, TO STUDENTS ENROLLED IN THEIR FIRST, SECOND, AND THIRD YEARS OF STUDY IN THE FALL SEMESTER OF TWO THOUSAND TWELVE, AND TO ALL STUDENTS THEREAFTER; (II) EACH STUDENT SHALL SATISFY SUCH FINANCIAL QUALIFICATIONS AS THE AUTHORITY SHALL ESTABLISH TO EFFECTUATE THE PURPOSES OF THIS SECTION; AND (III) EACH STUDENT SHALL SUBMIT SUCH INFORMATION AS MAY BE REQUIRED BY THE AUTHORITY TO HIS OR HER INSTITUTION FOR HIGHER EDUCATION. SUCH GUIDELINES SHALL ALSO ESTABLISH SPECIFIC CRITERIA GOVERNING THE MAKING OF I LIVE NEW YORK STUDENT LOANS, PROVISIONS FOR DEFAULT, THE ESTABLISHMENT OF DEFAULT RESERVE FUNDS, THE PURCHASE OF DEFAULT INSURANCE, AND THE PROVISION OF DEBT SERVICE RESERVE FUNDS, ALL OF SUCH CRITERIA TO BE ESTABLISHED TO ASSURE THE MARKETABILITY OF THE BONDS AND THE ADEQUACY OF THE SECURITY FOR THE BONDS.

4. THE AUTHORITY SHALL CONTRACT WITH FINANCIAL INSTITUTIONS, THE NEW YORK STATE HIGHER EDUCATION SERVICES CORPORATION ESTABLISHED BY THE PROVISIONS OF SECTION SIX HUNDRED FIFTY-TWO OF THE EDUCATION LAW OR OTHER QUALIFIED LOAN ORIGINATION AND SERVICING ORGANIZATIONS, WHICH MAY ASSIST IN PRE-QUALIFYING BORROWERS FOR I LIVE NEW YORK STUDENT LOANS AND WHICH MAY SERVICE AND ADMINISTER EACH STUDENT LOAN. THE FEES OR INTEREST COSTS OF EACH STUDENT LOAN SHALL INCLUDE A PORTION, IF NECESSARY, TO COVER THE APPLICABLE PRO RATA COST OF SUCH A SERVICING ORGANIZATION.

5. THE MAXIMUM AMOUNT OF A STUDENT LOAN SHALL NOT EXCEED THE STUDENT'S COST OF ATTENDANCE FOR THE PERIOD OF TIME FOR WHICH THE LOAN IS MADE, MINUS THE FOLLOWING AMOUNTS APPLICABLE TO SUCH PERIOD OF TIME:

(A) THE AMOUNT OF GRANT WHICH THE STUDENT RECEIVES, OR WOULD RECEIVE HAD THE STUDENT MADE APPLICATION, UNDER THE FEDERAL PELL GRANT PROGRAM AUTHORIZED UNDER TITLE IV, PART A, OF THE "HIGHER EDUCATION ACT OF 1965", AS NOW OR HEREAFTER AMENDED;

(B) THE MAXIMUM NET LOAN PROCEEDS WHICH THE STUDENT RECEIVES UNDER THE FEDERAL GUARANTEED STUDENT LOAN PROGRAM AS DEFINED UNDER (I) TITLE IV, PART B, OF THE "HIGHER EDUCATION ACT OF 1965", AS NOW OR HEREAFTER AMENDED, AND (II) RELEVANT FEDERAL REGULATIONS; AND

(C) THE AMOUNT OF SCHOLARSHIPS, GRANTS OR OTHER NONREPAYABLE ASSISTANCE RECEIVED FROM GOVERNMENT AGENCIES, EDUCATIONAL INSTITUTIONS OR PRIVATE INSTITUTIONS OR ORGANIZATIONS.

6. NOTWITHSTANDING ANY OTHER PROVISIONS CONTAINED IN THIS TITLE, BUT PURSUANT TO GUIDELINES, THE AUTHORITY MAY COMMINGLE AND PLEDGE AS SECURITY FOR A SERIES OR ISSUE OF BONDS, THE STUDENT LOAN SERIES PORTFOLIOS AND SOME OR ALL FUTURE STUDENT LOAN SERIES PORTFOLIOS PROVIDED THAT STUDENT LOAN SERIES PORTFOLIOS AND OTHER SECURITY AND MONEYS SET ASIDE IN ANY FUND OR FUNDS PLEDGED FOR ANY SERIES OF BONDS OR ISSUE OF BONDS SHALL BE HELD FOR THE SOLE BENEFIT OF SUCH SERIES OR ISSUE SEPARATE AND APART FROM STUDENT LOAN SERIES PORTFOLIOS AND OTHER SECURITY AND MONEYS PLEDGED FOR ANY OTHER SERIES OR ISSUE OF BONDS OF THE AUTHORITY. BONDS MAY BE ISSUED IN SERIES UNDER ONE OR MORE RESOLUTIONS IN THE DISCRETION OF THE AUTHORITY.

7. ANY STUDENT OTHERWISE ELIGIBLE FOR AN I LIVE NEW YORK STUDENT LOAN SHALL NOT BE DISQUALIFIED BY REASON OF HIS OR HER BEING UNDER THE AGE OF EIGHTEEN YEARS AND, FOR THE PURPOSES OF APPLYING FOR, RECEIVING AND REPAYING SUCH A LOAN, ANY SUCH STUDENT SHALL BE DEEMED TO HAVE FULL LEGAL CAPACITY TO ACT SUBJECT TO GUIDELINES ESTABLISHED BY THE AUTHORITY.

8. THE AUTHORITY MAY CHARGE TO STUDENTS ITS ADMINISTRATIVE AND OPERATING COSTS AND EXPENSES INCURRED IN THE EXERCISE OF THE POWERS AND DUTIES CONFERRED BY THIS SECTION.

THE AUTHORITY SHALL PARTICIPATE IN THE DEVELOPMENT OF AND REVIEW THE PROGRAM GUIDELINES TO BE ESTABLISHED BY THE AUTHORITY AS REQUIRED BY THIS SECTION AND MAY MAKE RECOMMENDATIONS ON, COMMENT UPON AND ADVISE THE MEMBERS OF THE BOARD OF THE AUTHORITY WITH RESPECT TO SUCH GUIDELINES.

9. THE AUTHORITY SHALL REPORT ANNUALLY TO THE GOVERNOR AND THE LEGISLATURE ON OR BEFORE FEBRUARY FIRST CONCERNING ITS FINDINGS, CONCLUSIONS AND RECOMMENDATIONS WITH RESPECT TO THE OPERATION OF THE PROGRAM PROVIDED FOR IN THIS SECTION.

S 2. The education law is amended by adding a new article 14-B to read as follows:

ARTICLE 14-B

I LIVE NEW YORK STUDENT LOAN FORGIVENESS PROGRAM

SECTION 698. I LIVE NEW YORK STUDENT LOAN FORGIVENESS PROGRAM.

S 698. I LIVE NEW YORK STUDENT LOAN FORGIVENESS PROGRAM. 1. THERE IS HEREBY ESTABLISHED AN I LIVE NEW YORK STUDENT LOAN FORGIVENESS PROGRAM. SUCH PROGRAM SHALL ESTABLISH A PERSONAL INCOME TAX CREDIT EQUAL TO TEN PERCENT OF THE CUMULATIVE I LIVE NEW YORK STUDENT LOAN BALANCE, AND ANY INTEREST THEREON DURING EACH TAXABLE YEAR FOR THE TEN CONSECUTIVE YEARS IMMEDIATELY FOLLOWING GRADUATION FROM ANY NEW YORK STATE PUBLIC OR INDEPENDENT COLLEGE OR UNIVERSITY. SUCH TAX CREDIT SHALL APPLY ONLY TO PERSONS WHO ARE RESIDENTS OF THE STATE AND ARE EMPLOYED IN THE STATE FOLLOWING GRADUATION.

2. THE DORMITORY AUTHORITY AND THE COMMISSIONER OF TAXATION AND FINANCE SHALL JOINTLY PROMULGATE ALL RULES AND REGULATIONS NECESSARY TO IMPLEMENT THE PROVISIONS OF THIS SECTION.

S 3. Section 606 of the tax law is amended by adding a new subsection (qq) to read as follows:

(QQ) I LIVE NEW YORK STUDENT LOAN FORGIVENESS CREDIT. TEN PERCENT OF THE TAXPAYER'S CUMULATIVE I LIVE NEW YORK STUDENT LOAN BALANCE AND ANY INTEREST THEREIN SUBJECT TO THE PROVISIONS OF SECTION SIXTEEN HUNDRED SEVENTY-NINE-C OF THE PUBLIC AUTHORITIES LAW AND SECTION SIX HUNDRED NINETY-EIGHT OF THE EDUCATION LAW.

S 4. This act shall take effect on the first of January next succeeding the date on which it shall have become a law; provided, however, that effective immediately, the addition, amendment and/or repeal of any rule or regulation necessary for the implementation of this act on its effective date is authorized to be made and completed on or before such date.