

5344

2009-2010 Regular Sessions

I N S E N A T E

April 27, 2009

Introduced by Sen. MORAHAN -- 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 allowing individuals utilizing financial aid in the form of student loans, to have a portion or all of their state income tax refunds to be paid over to the student's lending institution

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

1 Section 1. The tax law is amended by adding a new section 630-b to
2 read as follows:
3 S 630-B. OPTIONAL OFFSET OF STUDENT LOANS. 1. EFFECTIVE FOR ANY TAX
4 YEAR COMMENCING ON OR AFTER JANUARY FIRST, TWO THOUSAND TEN, ANY QUALI-
5 FIED INDIVIDUAL IN A TAXABLE YEAR MAY ELECT TO CONTRIBUTE A PORTION OR
6 THE ENTIRE AMOUNT OF THEIR STATE INCOME TAX REFUND TO BE PAID OVER TO
7 THE LENDER OF SUCH INDIVIDUAL'S FEDERALLY BACKED STUDENT LOAN OR LOANS.
8 SUCH CONTRIBUTION SHALL BE IN WHOLE DOLLAR AMOUNT AND SHALL NOT REDUCE
9 THE AMOUNT OF STATE TAX OWED BY SUCH INDIVIDUAL. THE PARTICIPANT WILL
10 HAVE THE ADDITIONAL OPTION TO REFUSE THE STATE'S PORTION OF THE CONTRIB-
11 UTION PER TAX YEAR. THE COMMISSIONER SHALL INCLUDE SPACE ON THE PERSONAL
12 INCOME TAX RETURN TO ENABLE A STUDENT TO MAKE SUCH ELECTIONS AND PROVIDE
13 THE LENDER'S INFORMATION SUCH AS THE LENDER'S NAME, ADDRESS, AND THE
14 STUDENT'S ACCOUNT NUMBER.
15 2. AS AN INCENTIVE FOR PARTICIPATION, THE STATE, AT THE DISCRETION OF
16 THE GOVERNOR AND HIS OR HER EXECUTIVE BUDGET, SHALL PAY OVER TO THE
17 INDIVIDUAL'S STUDENT LOAN PROVIDER AN AMOUNT EQUIVALENT TO NO LESS THAN
18 TEN PERCENT, BUT NOT GREATER THAN TWENTY-FIVE PERCENT OF THE TOTAL TAXES
19 PAID BY THE INDIVIDUAL FOR THE TERM WHICH THE STUDENT IS FILING HIS OR
20 HER STATE INCOME TAXES. THE MAXIMUM CONTRIBUTION BY THE STATE SHALL BE
21 FIVE HUNDRED DOLLARS PER STUDENT, PER YEAR. UNDER THIS SECTION, THE
22 GOVERNOR SHALL HAVE THE ADDITIONAL RIGHT TO NULLIFY THE STATE'S CONTRIB-

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

LBD11673-01-9

1 UTION AMOUNT FOR ANY GIVEN TAX YEAR, IN THE EVENT THAT THE STATE IS NOT
2 FISCALLY SOUND. THE GOVERNOR SHALL PUBLISH SUCH DECLARATION NO LATER
3 THAN THE DATE OF PUBLISHING THE EXECUTIVE BUDGET, AND UPON SUCH PUBLICA-
4 TION, SHALL NOT BE SUBJECT TO ADJUSTMENT.

5 3. PARTICIPATION UNDER THIS SECTION IS VOLUNTARY AND LIMITED TO AN
6 INDIVIDUAL WHO IS A LEGAL RESIDENT OF THE STATE OF NEW YORK AND WHO HAS
7 FILED, OR WOULD HAVE BEEN ELIGIBLE TO FILE AN INDIVIDUAL OR JOINT NEW
8 YORK STATE INCOME TAX RETURN FOR AT LEAST TWO PREVIOUS YEARS, PRIOR TO
9 THE PARTICIPATION YEAR. AN INDIVIDUAL SHALL ONLY BECOME ELIGIBLE FOR A
10 STATE CONTRIBUTION ONLY IF THEY ELECT TO HAVE ONE HUNDRED PERCENT OF
11 THEIR STATE INCOME TAX RETURN FOR THE YEAR REQUESTED TO BE PAID TO THE
12 STUDENT LOAN LENDER. THERE SHALL BE A LIMIT OF TWENTY-FIVE STATE ISSUED
13 REBATES PER STUDENT, PER LIFETIME, WITH NO LIMITATIONS ON SELF-CONTRI-
14 BUTED PARTICIPATION. IN THE EVENT THE GOVERNOR NULLIFIES THE STATE'S
15 CONTRIBUTION, THE INDIVIDUAL SHALL RETAIN THE RIGHT TO FILE FOR A STATE
16 CONTRIBUTION FOR AN ADDITIONAL YEAR.

17 4. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, ALL REVENUES PURSUANT
18 TO THIS SECTION SHALL BE PAID DIRECTLY BY THE STATE TO THE LENDER FOR
19 CREDIT TOWARDS THE PRINCIPAL OF THE LOAN, AND ONLY FOR THAT PURPOSE. THE
20 COST TO ELECT THIS OPTION SHALL BE ONE DOLLAR FOR INDIVIDUALS FILING A
21 NON-ELECTRONIC STATE TAX RETURN AND THERE SHALL BE NO FEE FOR AN INDI-
22 VIDUAL WHO FILES A STATE TAX RETURN ELECTRONICALLY.

23 S 2. This act shall take effect immediately.