

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
24 COMPLETE THE COMMUNITY SERVICE WITHIN THE FIRST TAXABLE YEAR IN WHICH
25 THE CREDIT IS CLAIMED.

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

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

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

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

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

53 (4) REFUNDABILITY. THE CREDIT UNDER THIS SUBSECTION SHALL BE ALLOWED
54 AGAINST THE TAXES IMPOSED BY THIS ARTICLE FOR THE TAXABLE YEAR REDUCED
55 BY THE CREDITS PERMITTED BY THIS ARTICLE. IF THE CREDIT EXCEEDS THE TAX
56 AS SO REDUCED, THE TAXPAYER MAY RECEIVE, AND THE COMPTROLLER, SUBJECT TO

1 A CERTIFICATE OF THE COMMISSIONER, SHALL PAY AS AN OVERPAYMENT, WITHOUT
2 INTEREST, THE AMOUNT OF SUCH EXCESS.

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

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

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

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

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

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

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

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

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

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

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

1 EXPENSES MULTIPLIED BY FOUR PERCENT
2 (D) FOR TAXABLE YEARS BEGINNING IN TWO THOUSAND FIFTEEN:
3 IF ALLOWABLE COLLEGE TUITION THE TAX CREDIT IS EQUAL TO:
4 EXPENSES ARE:
5 LESS THAN EIGHT THOUSAND DOLLARS THE LESSER OF ALLOWABLE COLLEGE
6 TUITION EXPENSES OR THREE HUNDRED
7 TWENTY DOLLARS
8 EIGHT THOUSAND DOLLARS OR MORE THE ALLOWABLE COLLEGE TUITION
9 EXPENSES MULTIPLIED BY FOUR PERCENT
10 (E) FOR TAXABLE YEARS BEGINNING IN TWO THOUSAND SIXTEEN:
11 IF ALLOWABLE COLLEGE TUITION THE TAX CREDIT IS EQUAL TO:
12 EXPENSES ARE:
13 LESS THAN NINE THOUSAND DOLLARS THE LESSER OF ALLOWABLE COLLEGE
14 TUITION EXPENSES OR THREE HUNDRED
15 SIXTY DOLLARS
16 NINE THOUSAND DOLLARS OR MORE THE ALLOWABLE COLLEGE TUITION
17 EXPENSES MULTIPLIED BY FOUR PERCENT
18 (F) FOR TAXABLE YEARS BEGINNING AFTER TWO THOUSAND SIXTEEN:
19 IF ALLOWABLE COLLEGE TUITION THE TAX CREDIT IS EQUAL TO:
20 EXPENSES ARE:
21 LESS THAN TEN THOUSAND DOLLARS THE LESSER OF ALLOWABLE COLLEGE
22 TUITION EXPENSES OR FOUR HUNDRED
23 DOLLARS
24 TEN THOUSAND DOLLARS OR MORE THE ALLOWABLE COLLEGE TUITION
25 EXPENSES MULTIPLIED BY FOUR PERCENT
26 Such applicable percentage shall be twenty-five percent for taxable
27 years beginning in two thousand one, fifty percent for taxable years
28 beginning in two thousand two, seventy-five percent for taxable years
29 beginning in two thousand three and one hundred percent for taxable
30 years beginning after two thousand three.
31 S 4. Subsection (t) of section 606 of the tax law is amended by adding
32 a new paragraph 4-a to read as follows:
33 (4-A) INFLATION ADJUSTMENT. (A) FOR TAXABLE YEARS BEGINNING IN OR
34 AFTER TWO THOUSAND SEVENTEEN, THE DOLLAR AMOUNTS IN SUBPARAGRAPH (A) OF
35 PARAGRAPH TWO AND PARAGRAPH FOUR OF THIS SUBSECTION SHALL BE MULTIPLIED
36 BY ONE PLUS THE INFLATION ADJUSTMENT.
37 (B) THE INFLATION ADJUSTMENT FOR ANY TAXABLE YEAR SHALL BE THE
38 PERCENTAGE, IF ANY, BY WHICH THE HIGHER EDUCATION PRICE INDEX FOR THE
39 ACADEMIC FISCAL YEAR ENDING IN THE IMMEDIATELY PRECEDING TAXABLE YEAR
40 EXCEEDS THE HIGHER EDUCATION PRICE INDEX FOR THE ACADEMIC FISCAL YEAR
41 ENDING JUNE, TWO THOUSAND FIFTEEN. FOR THE PURPOSES OF THIS PARAGRAPH,
42 THE HIGHER EDUCATION PRICE INDEX MEANS THE HIGHER EDUCATION PRICE INDEX
43 PUBLISHED BY THE COMMONFUND INSTITUTE.
44 (C) IF THE PRODUCT OF THE AMOUNTS IN SUBPARAGRAPHS (A) AND (B) OF THIS
45 PARAGRAPH IS NOT A MULTIPLE OF FIVE DOLLARS, SUCH INCREASE SHALL BE
46 ROUNDED TO THE NEXT MULTIPLE OF FIVE DOLLARS.
47 S 5. This act shall take effect immediately and shall apply to taxable
48 years beginning on or after January 1, 2013; provided, however, that
49 section one of this act shall apply to taxable years beginning on or
50 after January 1, 2014.

51

PART B

52 Section 1. Legislative findings and declaration of purpose. The legis-
53 lature hereby finds that the costs of completing higher education for
54 residents of the state of New York are increasing at a rate significant-

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

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

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

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

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

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

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

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

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

49 ARTICLE 15-A

50 STUDENT LOAN LINKED DEPOSIT ACT

51 SECTION 225. SHORT TITLE.

52 226. DEFINITIONS.

53 227. ESTABLISHMENT AND PURPOSE; STUDENT LOAN LINKED DEPOSIT
54 PROGRAM AUTHORIZATION.

55 228. RESPONSIBILITIES OF THE PRESIDENT, COMPTROLLER AND SUPER-
56 INTENDENT.

229. RELEASE FROM LINKED DEPOSITS.
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

1 THAT THE LENDER'S POSTED FOUR YEAR CERTIFICATE OF DEPOSIT RATE, OR THE
2 AVERAGE STATEWIDE RATE FOR FOUR YEAR CERTIFICATES OF DEPOSIT ARE BELOW
3 THREE HUNDRED BASIS POINTS, THE LINKED DEPOSIT INTEREST RATE SHALL NOT
4 BE LESS THAN ZERO.

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

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

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

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

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

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

27 S 228. RESPONSIBILITIES OF THE PRESIDENT, COMPTROLLER AND SUPERINTEN-
28 DENT. 1. THE PRESIDENT SHALL ADMINISTER THE PROGRAM PURSUANT TO SECTION
29 TWO HUNDRED THIRTY-TWO OF THIS ARTICLE, INCLUDING ALL DECISIONS WITH
30 RESPECT TO THE APPLICATION AND USE OF THE PROGRAM FOR ELIGIBLE RECIPI-
31 ENTS; MARKET AND PROMOTE THE PROGRAM PURSUANT TO SECTION TWO HUNDRED
32 THIRTY-FOUR-B OF THIS ARTICLE; AFTER CONSULTING WITH THE COMPTROLLER AND
33 THE SUPERINTENDENT OF FINANCIAL SERVICES, ISSUE RULES AND REGULATIONS
34 FOR THE OPERATION OF THE PROGRAM PURSUANT TO SECTION TWO HUNDRED THIR-
35 TY-FOUR-C OF THIS ARTICLE.

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

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

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

50 S 230. LINKED STUDENT LOANS. LINKED STUDENT LOANS SHALL BE MADE BY
51 LENDERS PURSUANT TO THE PROGRAM ONLY TO ELIGIBLE RECIPIENTS FOR QUALI-
52 FIED EDUCATIONAL EXPENSES. A LINKED LOAN SHALL BE LIMITED TO A MAXIMUM
53 AMOUNT OF SEVEN THOUSAND FIVE HUNDRED DOLLARS PER ACADEMIC YEAR. AN
54 ELIGIBLE RECIPIENT MAY RECEIVE NO MORE THAN ONE LINKED LOAN PER ACADEMIC
55 YEAR. DURING THE LIFE OF THE LINKED LOAN PROGRAM, THE TOTAL AMOUNT OF
56 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 SUCH LENDER SHALL ENSURE THAT AN ELIGIBLE RECIPIENT COMPLIES WITH THE PROVISIONS OF THIS ARTICLE, INCLUDING ANY RULES OR REGULATIONS ISSUED BY THE PRESIDENT. NOTWITHSTANDING THE LENGTH OF THE TERM OF A LINKED LOAN, THE LINKED DEPOSIT RELATING TO THE LINKED LOAN SHALL BE FOR A PERIOD OF NOT MORE THAN FOUR YEARS.

S 231. INTEREST RATE FOR LINKED LOANS; NO LENDER'S FEES. 1. LINKED LOANS MADE TO ELIGIBLE RECIPIENTS SHALL BEAR INTEREST AT A FIXED RATE EQUAL TO THREE PERCENTAGE POINTS BELOW THE FIXED INTEREST RATE THE LENDER WOULD HAVE CHARGED FOR THE LOAN IN THE ABSENCE OF A LINKED DEPOSIT BASED ON ITS USUAL CREDIT CONSIDERATIONS. LENDERS SHALL CERTIFY TO THE PRESIDENT THAT THE RATE TO BE CHARGED ON A LINKED LOAN IS THREE PERCENTAGE POINTS BELOW THE INTEREST RATE THE LENDER WOULD HAVE CHARGED FOR THE LOAN IN THE ABSENCE OF A LINKED DEPOSIT.

2. LENDERS WHO MAKE LOANS PURSUANT TO THE PROGRAM SHALL NOT BE ENTITLED TO CHARGE ANY DISCOUNT, POINTS, ORIGINATION FEES, HANDLING FEES, SERVICE CHARGES, REFINANCING FEES OR PENALTIES OR ANY CHARGE OTHER THAN THOSE NORMALLY CHARGED AND IN SUCH AMOUNTS NORMALLY CHARGED BY THE LENDER FOR LOANS OF THE TYPE BEING MADE WITHOUT REGARD TO THE PROGRAM.

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

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

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

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

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

S 233. REPAYMENT PERIODS FOR LINKED STUDENT LOANS. THE PRESIDENT SHALL REQUIRE THAT LINKED STUDENT LOANS ISSUED THROUGH THE PROGRAM OFFER FLEXIBLE REPAYMENT OPTIONS, INCLUDING THE OPTION OF AN INCOME-BASED REPAYMENT PLAN. SUCH REPAYMENT OPTIONS MAY, IF THE PRESIDENT DEEMS IT ADVISABLE, BE CONSISTENT WITH THE REPAYMENT TERMS STIPULATED BY THE WILLIAM

D. FORD FEDERAL DIRECT LOAN PROGRAM AUTHORIZED PURSUANT TO 20 USC CHAPTER 28, SUBCHAPTER IV, PART C.

S 234. LIABILITY; EARLY REPAYMENT AND WITHDRAWAL. NOTHING CONTAINED IN THIS ARTICLE SHALL IMPOSE LIABILITY ON THE STATE OR ANY OF ITS DEPARTMENTS OR EMPLOYEES FOR PAYMENT OR DELAYS IN PAYMENT OF THE PRINCIPAL OR INTEREST OF A LINKED LOAN. ANY DELAY IN PAYMENTS OR ANY DEFAULT ON A LINKED LOAN SHALL IN NO WAY AFFECT THE LINKED DEPOSIT AGREEMENT BETWEEN THE LENDER AND THE AUTHORIZED DEPOSITOR. HOWEVER, IN THE EVENT THE INTEREST RATE OF THE LINKED LOAN SHALL BE INCREASED AS A CONSEQUENCE OF DEFAULT OR RENEGOTIATION, OR THE LOAN SHALL BE CHARGED OFF, THE LENDER SHALL GIVE THE AUTHORIZED DEPOSITOR PROMPT NOTICE OF SUCH EVENT, AND THE AUTHORIZED DEPOSITOR SHALL THEREAFTER WITHDRAW THE LINKED DEPOSIT UPON NOT LESS THAN SEVEN DAYS' PRIOR WRITTEN NOTICE TO THE LENDER. UPON EARLY REPAYMENT OF A LINKED LOAN, THE LENDER SHALL WITHIN THIRTY DAYS GIVE THE AUTHORIZED DEPOSITOR NOTICE OF SUCH EARLY REPAYMENT, AND THE AUTHORIZED DEPOSITOR SHALL THEREAFTER WITHDRAW THE LINKED DEPOSIT UPON NOT LESS THAN SEVEN DAYS' PRIOR WRITTEN NOTICE TO THE LENDER, AND THE INTEREST RATE PAYABLE ON THE LINKED DEPOSIT FROM THE DATE OF EARLY REPAYMENT OF THE LINKED LOAN TO THE DATE OF WITHDRAWAL OF THE LINKED DEPOSIT SHALL BE THE INTEREST RATE UPON WHICH THE LINKED DEPOSIT INTEREST RATE WAS CALCULATED WITHOUT REGARD TO THE APPLICABLE BASIS POINT REDUCTION.

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

2. ON OR BEFORE DECEMBER FIRST, TWO THOUSAND FIFTEEN, AND ANNUALLY THEREAFTER THE PRESIDENT SHALL SUBMIT TO THE GOVERNOR, THE TEMPORARY PRESIDENT OF THE SENATE AND THE SPEAKER OF THE ASSEMBLY A REPORT REGARDING THE ACTIVITIES OF THE PROGRAM. SUCH REPORT SHALL CONTAIN A STATEMENT OF THE COST OF THE PROGRAM TO THE STATE, CONSIDERED AS A WHOLE, BECAUSE OF REDUCED RATES ON FUNDS INVESTED IN LINKED DEPOSITS. SUCH REPORT SHALL ALSO INCLUDE, BUT SHALL NOT BE LIMITED TO, THE NUMBER AND TYPE OF LINKED LOANS UNDER THE PROGRAM AND THE AMOUNT THEREOF; THE NUMBER AND TYPES OF LENDERS MAKING LINKED LOANS AND OF INDIVIDUALS RECEIVING LINKED LOANS; THE GEOGRAPHIC DISTRIBUTION OF SUCH LENDERS AND RECIPIENTS, INCLUDING THE STEPS TAKEN TO ENSURE GEOGRAPHIC DIVERSITY AMONG PARTICIPATING LENDERS, AS WELL AS ANY INFORMATION THE PRESIDENT DETERMINES USEFUL IN EVALUATING THE BENEFITS OF THE PROGRAM.

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

S 234-C. RULES AND REGULATIONS. THE PRESIDENT SHALL, IN CONSULTATION WITH THE COMPTROLLER AND THE SUPERINTENDENT OF FINANCIAL SERVICES, PROMULGATE RULES AND REGULATIONS NECESSARY AND REASONABLE FOR THE OPERATION OF THE PROGRAM.

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

1 Section 1. Paragraphs 6 and 7 of subsection (c) of section 301 of the
2 financial services law are amended and a new paragraph 8 is added to
3 read as follows:

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

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

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

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

13 ARTICLE 6

14 STUDENT LENDING TRANSPARENCY PROGRAM

15 SECTION 601. DEFINITIONS.

16 602. STUDENT LENDING TRANSPARENCY PROGRAM.

17 603. RULES AND REGULATIONS.

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

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

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

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

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

29 (I) TUITION AND FEES;

30 (II) BOOKS AND SUPPLIES; AND

31 (III) ROOM AND BOARD.

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

46 2. SUCH WEBSITE SHALL BE UPDATED ON A MONTHLY BASIS TO ENSURE THAT THE
47 STUDENT LOAN INFORMATION IS CURRENT AND ACCURATE. THE SUPERINTENDENT OR
48 HIS OR HER DESIGNEE SHALL COMPILE A LIST OF THE TOP TEN BEST PRIVATE
49 LENDING INSTITUTIONS BASED UPON RATES AND POLICIES THAT ARE MOST FAVORA-
50 BLE TO THE STUDENT BORROWER. THE SUPERINTENDENT MAY ALSO CONSIDER THE
51 PRIVATE LENDING INSTITUTIONS POLICIES FOR ALLOWING A STUDENT BORROWER TO
52 BORROW MORE THAN TEN PERCENT OVER SUCH STUDENT BORROWER'S TOTAL COST OF
53 HIGHER EDUCATION EXPENSES WHEN DETERMINING IF A PRIVATE LENDING INSTITU-
54 TION SHOULD BE PLACED ON SUCH LIST. INFORMATION PERTAINING TO LENDING
55 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 THIS TITLE, SHALL BE REQUIRED THROUGH THEIR
23 FINANCIAL AID OFFICES TO PROVIDE TO PROSPECTIVE OR NEWLY ACCEPTED
24 STUDENTS AND PARENTS CLEARLY OUTLINED AND EASY TO UNDERSTAND INFORMATION
25 PERTAINING TO THE TOTAL COST OF ATTENDANCE AT THEIR INSTITUTION, THE
26 APPROXIMATE OR ACTUAL TOTAL AMOUNT OF FINANCIAL AID THEY WOULD RECEIVE
27 FROM SUCH INSTITUTION AND THE APPROXIMATE OR ACTUAL TOTAL AMOUNT OF
28 STUDENT LOAN DEBT THEY WOULD ACCUMULATE OVER THE COURSE OF FOUR YEARS IF
29 THEY ATTENDED SUCH COLLEGE. THE INFORMATION PROVIDED MUST ALSO INCLUDE
30 STUDENT LOAN RATES, INFORMATION ON REPAYMENT PLANS AND DEFAULT RATES AND
31 THE ACTUAL COST OF THE AVERAGE MONTHLY PAYMENT THAT WOULD BE REQUIRED
32 UPON GRADUATION WHEN SUCH LOANS WOULD BECOME DUE.

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

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

40 PART D

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

52 G. ONCE AN ELIGIBLE CHILD HAS GRADUATED HIGH SCHOOL OR HAS REACHED THE
53 AGE OF SUCH CHILD'S SCHEDULED HIGH SCHOOL GRADUATION, AND IT HAS BEEN
54 DETERMINED THAT ALL REQUIRED PAYMENTS HAVE BEEN DEPOSITED INTO THE FUND,
55 THE PARTICIPANTS HAVE THE FOLLOWING OPTIONS:

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

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

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

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

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

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

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

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

55 (B) AT THAT TIME, SUCH PARTICIPANT SHALL HAVE THE OPTION TO WITHDRAW
56 THE REMAINDER OF THE BALANCE THAT SUCH PARTICIPANT PAID INTO THE FUND,

1 OR MAY CHOOSE TO KEEP THE REMAINDER IN THE FUND TO BE APPLIED TO A FOUR
2 YEAR PROGRAM IN THE EVENT THAT THE ELIGIBLE CHILD TRANSFERS TO A FOUR
3 YEAR PROGRAM.

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

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

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

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

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

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

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

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

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

55 4. THE COMPTROLLER OR HIS OR HER DESIGNEE, IN CONSULTATION WITH THE
56 SUNY CHANCELLOR OR HIS OR HER DESIGNEE AND THE CUNY CHANCELLOR OR HIS OR

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

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

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

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

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

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

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

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

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

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

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