

5196

2015-2016 Regular Sessions

I N A S S E M B L Y

February 13, 2015

Introduced by M. of A. KOLB, OAKS, WALTER, MONTESANO, PALMESANO, LOPEZ, RAI A, HAWLEY, BARCLAY, KEARNS, GARBARINO, LUPINACCI, CURRAN, MALLIO-TAKIS -- Multi-Sponsored by -- M. of A. CERETTO, McLAUGHLIN -- 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:

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

11 PART A

12 Section 1. Subparagraph (A) of paragraph 2 of subsection (t) of
13 section 606 of the tax law, as amended by section 1 of part N of chapter
14 85 of the laws of 2002, is amended to read as follows:

15 (A) The term "allowable college tuition expenses" shall mean the
16 amount of qualified college tuition expenses of eligible students paid
17 by the taxpayer during the taxable year[,]. THE AMOUNT OF QUALIFIED
18 COLLEGE TUITION EXPENSES SHALL BE limited [to] AS FOLLOWS: FOR TAXABLE
19 YEARS BEGINNING AFTER TWO THOUSAND AND BEFORE TWO THOUSAND FOURTEEN, ten

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

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1 thousand dollars for each such student, FOR TAXABLE YEARS BEGINNING IN
2 OR AFTER TWO THOUSAND FIFTEEN, FOURTEEN THOUSAND TWO HUNDRED EIGHTY-FIVE
3 DOLLARS FOR EACH SUCH STUDENT;

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

7 (4) Amount of credit. [If allowable college tuition expenses are less
8 than five thousand dollars, the amount of the credit provided under this
9 subsection shall be equal to the applicable percentage of the lesser of
10 allowable college tuition expenses or two hundred dollars. If allowable
11 college tuition expenses are five thousand dollars or more, the amount
12 of the credit provided under this subsection shall be equal to the
13 applicable percentage of the allowable college tuition expenses multi-
14 plied by four percent.] THE AMOUNT OF THE CREDIT SHALL BE DETERMINED IN
15 ACCORDANCE WITH THE FOLLOWING SCHEDULES:

16 (A) FOR TAXABLE YEARS BEGINNING AFTER TWO THOUSAND AND BEFORE TWO	
17 THOUSAND FIFTEEN:	
18 IF ALLOWABLE COLLEGE TUITION	
19 EXPENSES ARE:	THE TAX CREDIT IS EQUAL TO:
20 LESS THAN FIVE THOUSAND DOLLARS	THE APPLICABLE PERCENTAGE OF THE
21	LESSER OF ALLOWABLE COLLEGE
22	TUITION EXPENSES OR TWO HUNDRED
23	DOLLARS
24 FIVE THOUSAND DOLLARS OR MORE	THE APPLICABLE PERCENTAGE
25	OF ALLOWABLE COLLEGE TUITION
26	EXPENSES MULTIPLIED BY FOUR PERCENT

27 (B) FOR TAXABLE YEARS BEGINNING IN OR AFTER TWO THOUSAND FIFTEEN:	
28 IF ALLOWABLE COLLEGE TUITION	
29 EXPENSES ARE:	THE TAX CREDIT IS EQUAL TO:
30 LESS THAN SEVEN THOUSAND ONE	THE LESSER OF ALLOWABLE COLLEGE
31 HUNDRED FORTY-FIVE DOLLARS	TUITION EXPENSES OR TWO HUNDRED
32	EIGHTY-FIVE DOLLARS
33 SEVEN THOUSAND ONE HUNDRED	THE ALLOWABLE COLLEGE TUITION
34 FORTY-FIVE DOLLARS OR MORE	EXPENSES MULTIPLIED BY FOUR PERCENT

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

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

42 (4-A) INFLATION ADJUSTMENT. (A) FOR TAXABLE YEARS BEGINNING IN OR
43 AFTER TWO THOUSAND SIXTEEN, THE DOLLAR AMOUNTS IN SUBPARAGRAPH (A) OF
44 PARAGRAPH TWO AND PARAGRAPH FOUR OF THIS SUBSECTION SHALL BE MULTIPLIED
45 BY ONE PLUS THE INFLATION ADJUSTMENT.

46 (B) THE INFLATION ADJUSTMENT FOR ANY TAX YEAR SHALL BE THE PERCENTAGE,
47 IF ANY, BY WHICH THE HIGHER EDUCATION PRICE INDEX FOR THE ACADEMIC
48 FISCAL YEAR ENDING IN THE IMMEDIATELY PRECEDING TAX YEAR EXCEEDS THE
49 HIGHER EDUCATION PRICE INDEX FOR THE ACADEMIC FISCAL YEAR ENDING JUNE
50 TWO THOUSAND FIFTEEN. FOR THE PURPOSES OF THIS PARAGRAPH, THE HIGHER
51 EDUCATION PRICE INDEX MEANS THE HIGHER EDUCATION PRICE INDEX PUBLISHED
52 BY THE COMMON FUND INSTITUTE.

1 (C) IF THE PRODUCT OF THE AMOUNTS IN SUBPARAGRAPH (A) AND SUBPARAGRAPH
2 (B) OF THIS PARAGRAPH IS NOT A MULTIPLE OF FIVE DOLLARS, SUCH INCREASE
3 SHALL BE ROUNDED TO THE NEXT MULTIPLE OF FIVE DOLLARS.
4 S 4. This act shall take effect immediately.

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PART B

6 Section 1. Subsection (c) of section 612 of the tax law is amended by
7 adding a new paragraph 42 to read as follows:

8 (42) FOR TAX YEARS COMMENCING AFTER DECEMBER FIRST, TWO THOUSAND
9 FIFTEEN, FOR ELIGIBLE BORROWERS, ALL INTEREST PAID ON STUDENT LOANS TO
10 THE EXTENT NOT DEDUCTIBLE IN DETERMINING FEDERAL ADJUSTED GROSS INCOME
11 AND NOT REIMBURSED. FOR THE PURPOSES OF THIS PARAGRAPH, THE FOLLOWING
12 TERMS HAVE THE FOLLOWING MEANINGS:

13 (I) "STUDENT LOANS" MEANS ANY INDEBTEDNESS INCURRED BY THE TAXPAYER
14 SOLELY FOR ANY QUALIFIED EDUCATION LOAN DEFINED BY SECTION 221(D) OF THE
15 INTERNAL REVENUE CODE FROM A LENDER.

16 (II) "ELIGIBLE BORROWER" SHALL MEAN A TAXPAYER WHO HAS INCURRED
17 INDEBTEDNESS ON STUDENT LOANS AS DEFINED IN SUBPARAGRAPH (I) OF THIS
18 PARAGRAPH ON BEHALF OF THE TAXPAYER, THE TAXPAYER'S SPOUSE, OR ANY
19 DEPENDENT OF THE TAXPAYER AT THE TIME THE INDEBTEDNESS WAS INCURRED.

20 (III) "LENDER" MEANS A BANK, SAVINGS AND LOAN ASSOCIATION, CREDIT
21 UNION, PENSION FUND, INSURANCE COMPANY, SCHOOL, OR STATE LENDING AGENCY.

22 S 2. This act shall take effect immediately.

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

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