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

3924

2015-2016 Regular Sessions

I N S E N A T E

February 20, 2015

Introduced by Sen. KLEIN -- read twice and ordered printed, and when printed to be committed to the Committee on Higher Education

AN ACT to amend the education law, in relation to establishing the New York state college graduate loan forgiveness incentive program; and to amend the tax law, in relation to reducing federal adjusted gross income, for purposes of state personal income taxes, by the amount of interest on indebtedness incurred for tuition and fees paid for undergraduate education

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

Section 1. The education law is amended by adding a new section 679-g to read as follows:

S 679-G. NEW YORK STATE COLLEGE GRADUATE LOAN FORGIVENESS INCENTIVE PROGRAM. 1. PURPOSE. THE PRESIDENT SHALL GRANT STUDENT LOAN FORGIVENESS AWARDS FOR THE PURPOSE OF ALLEVIATING THE BURDEN OF STUDENT LOAN INDEBTEDNESS FOR RESIDENTS WHO HAVE GRADUATED FROM COLLEGE.

2. ELIGIBILITY. TO BE ELIGIBLE FOR AN AWARD PURSUANT TO THIS SECTION, AN APPLICANT SHALL: (A) HAVE GRADUATED AND OBTAINED A BACHELOR'S OR GRADUATE DEGREE DURING THE TWO THOUSAND FIFTEEN -- TWO THOUSAND SIXTEEN OR ANY SUBSEQUENT ACADEMIC YEAR FROM A COLLEGE OR UNIVERSITY LOCATED WITHIN THE STATE; (B) HAVE AN OUTSTANDING LOAN DEBT FROM OBTAINING SUCH DEGREE; (C) OBTAINED QUALIFYING EMPLOYMENT WITHIN ONE YEAR OF OBTAINING SUCH DEGREE; (D) MAINTAINED QUALIFYING EMPLOYMENT FOR THE PERIODS OF TIME ESTABLISHED IN SUBDIVISION FOUR OF THIS SECTION; AND (E) BE A RESIDENT OF THE STATE AT THE TIME OF EMPLOYMENT.

3. QUALIFYING EMPLOYMENT. FOR THE PURPOSES OF THIS SECTION, "QUALIFYING EMPLOYMENT" SHALL MEAN ANY EMPLOYMENT, WITHIN THE STATE, BY A FEDERAL, STATE OR MUNICIPAL AGENCY, ENTITY OR ORGANIZATION, OR WITH A NOT-FOR-PROFIT ORGANIZATION THAT HAS BEEN DESIGNATED AS TAX-EXEMPT BY THE INTERNAL REVENUE SERVICE IN ACCORDANCE WITH SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE.

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

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4. AWARDS. AN ELIGIBLE APPLICANT SHALL RECEIVE AN AWARD OF ONE THOUSAND DOLLARS AFTER COMPLETION OF THIRTY-SIX MONTHS OF QUALIFYING EMPLOYMENT; AN AWARD OF ONE THOUSAND FIVE HUNDRED DOLLARS AFTER COMPLETION OF SIXTY MONTHS OF QUALIFYING EMPLOYMENT; AND AN AWARD OF TWO THOUSAND DOLLARS AFTER COMPLETION OF EIGHTY-FOUR MONTHS OF QUALIFYING EMPLOYMENT. ALL SUCH AWARDS SHALL BE APPLIED BY THE CORPORATION DIRECTLY TO THE OUTSTANDING PRINCIPAL OF ONE OR MORE OF THE RECIPIENT'S COLLEGE LOANS OF SUCH RECIPIENT'S CHOOSING.

5. RULES AND REGULATIONS. THE CORPORATION IS AUTHORIZED TO PROMULGATE, INCLUDING ON AN EMERGENCY BASIS, SUCH RULES AND REGULATIONS AS SHALL BE NECESSARY FOR THE IMPLEMENTATION OF THE PROVISIONS OF THIS SECTION.

S 2. Subsection (c) of section 612 of the tax law is amended by adding a new paragraph 42 to read as follows:

(42) INTEREST ON INDEBTEDNESS INCURRED OR CONTINUED TO PAY TUITION AND FEES FOR UNDERGRADUATE EDUCATION TO THE EXTENT SUCH INTEREST IS DEDUCTIBLE, IN ACCORDANCE WITH 26 U.S.C. S 221, FOR FEDERAL TAX PURPOSES, AND ONLY WHEN THE TAXPAYER'S FEDERAL ADJUSTED GROSS INCOME IS SEVENTY-FIVE THOUSAND DOLLARS OR LESS.

S 3. This act shall take effect immediately; provided that if this act shall become a law after April 1, 2015, section one of this act shall be deemed to have been in full force and effect on and after April 1, 2015; and provided, further, that section two of this act shall apply to the tax year in which it takes effect, and all subsequent tax years.