STATE OF NEW YORK

5136--A

2017-2018 Regular Sessions

IN SENATE

March 9, 2017

Introduced by Sens. KLEIN, GALLIVAN, HELMING, MARCHIONE, VALESKY -- read twice and ordered printed, and when printed to be committed to the Committee on Higher Education -- recommitted to the Committee on Finance in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the education law and the tax law, in relation to establishing the college debt freedom account pilot program

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 682 to read as follows:

§ 682. College debt freedom account pilot program. 1. There is hereby established the college debt freedom account pilot program. Such program shall permit employees of any employer jointly certified by the commissioner and the commissioner of taxation and finance pursuant to this section to deposit a portion of their pre-tax income pursuant to paragraph forty-four of subsection (c) of section six hundred twelve of the tax law, into an account solely intended for undergraduate student loan repayments. Certified employers shall receive a tax credit by contributing matching funds to an employee's student loan repayment account established pursuant to this section. Such contribution shall be minimally fifty percent of the employee's deposit and a maximum one hundred percent of the employee's deposit, up to twenty-five hundred dollars annually, per employee account. The annual maximum aggregate amount to be deposited per account by the employee and employer shall be five thousand dollars.

2. For the purposes of this section, "student loan" shall mean the cumulative total of the annual student loans covering the cost of attendance at an undergraduate college or university, and any interest thereon.

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

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3. Any employer which is a middle-sized business in this state, having between twenty and five hundred employees, may submit an application to the commissioner for certification to participate in the program established pursuant to this section. The commissioner and the commissioner of taxation and finance shall jointly consider each application for certification submitted pursuant to this subdivision. Provided that not more than fifty employers shall be certified to participate in the program.

4. Employee student loan repayment accounts shall be established by an employee for deposit of funds to be used solely for repayment of student loans. Such accounts shall be managed by the higher education services corporation. All enrollees and certified participating employers shall provide the corporation with all necessary information in order to implement the provisions of this section.

5. Moneys in a student loan repayment account shall be available only for repayments of student loans. Any withdrawal or distribution from a student loan repayment account which violated the provisions of this subdivision shall be subject to a penalty of ten percent on any such withdrawal or distribution.

6. The commissioner and the commissioner of taxation and finance shall jointly promulgate rules and regulations necessary to implement the provisions of this section.

§ 2. Subsection (c) of section 612 of the tax law is amended by adding a new paragraph 44 to read as follows:

(44) Payment not in excess of twenty-five hundred dollars actually paid by an eligible borrower employed by an employer certified pursuant to section six hundred eighty-two of the education law for student loan repayment, to the extent not deductible in determining federal adjusted gross income and not reimbursed. For the purposes of this paragraph, the following terms shall have the following meanings:

(i) "Student loans" shall mean any indebtedness incurred by the taxpayer for an undergraduate education loan in accordance with section 221 of the internal revenue code.

(ii) "Eligible borrower" shall mean a taxpayer who has incurred indebtedness on student loans as defined in subparagraph (i) of this paragraph.

§ 3. Section 210-B of the tax law is amended by adding a new subdivision 53 to read as follows:

53. College debt freedom account program tax credit. (a) General. An employer certified pursuant to section six hundred eighty-two of the education law, who contributes matching funds towards an employee's undergraduate student loan repayments, shall be allowed a credit, to be computed as provided in this subdivision, against the tax imposed by this article, for contributions the employer deposits annually, up to twenty-five hundred dollars per employee per year.

(b) Amount of credit. The credit authorized by this subdivision shall be equal to the amount of the employer's contribution; provided that such contribution shall be a minimum of fifty percent and a maximum of one hundred percent of the employee's deposit to a student loan repayment account subject to the limits set forth in this subdivision.

§ 4. Subparagraph (B) of paragraph 1 of subsection (i) of section 606 of the tax law is amended by adding a new clause (xliv) to read as follows:

(xliv) College debt freedom account program tax credit under	Amount of credit under subdivision fifty-three of section two hundred ten-B

subsection (ccc)

§ 5. Section 606 of the tax law is amended by adding a new subsection (ccc) to read as follows:

(ccc) College debt freedom account program tax credit. (a) General. An employer, certified pursuant to section six hundred eighty-two of the education law, who contributes matching funds towards an employee's undergraduate student loan repayments, shall be allowed a credit, to be computed as provided in this subsection, against the tax imposed by this article, for contributions the employer deposits annually, up to twenty-five hundred dollars per employee per year.

(b) Amount of credit. The credit authorized by this subsection shall be equal to the amount of the employer contribution; provided that such contribution shall be a minimum of fifty percent and a maximum of one hundred percent of the employee's deposit to a student loan repayment account subject to the limits set forth in this subsection.

§ 6. Section 1511 of the tax law is amended by adding a new subdivision (dd) to read as follows:

(dd) College debt freedom account program tax credit. (1) General. An employer, certified pursuant to section six hundred eighty-two of the education law, who contributes matching funds towards an employee's undergraduate student loan repayments, shall be allowed a credit, to be computed as provided in this subdivision, against the tax imposed by this article, for contributions the employer deposits annually, up to twenty-five hundred dollars per employee per year.

(2) Amount of credit. The credit authorized by this subdivision shall be equal to the amount of the employer's contribution; provided that such contribution shall be a minimum of fifty percent and a maximum of one hundred percent of the employee's deposit to a student loan repayment account subject to the limits set forth in this subdivision.

§ 7. Notwithstanding any provision of the tax law to the contrary, the aggregate of tax expenditure and taxes forgone pursuant to sections two, three, four, five and six of this act shall not exceed $70,000,000. The commissioner of taxation and finance shall immediately suspend all deductions and credits established pursuant to such sections upon reaching the $70,000,000 threshold.

§ 8. This act shall take effect on the sixtieth day after it shall have become a law and shall apply to taxable years commencing on or after January 1, 2019.