

# STATE OF NEW YORK

6240

2017-2018 Regular Sessions

## IN SENATE

May 11, 2017

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

AN ACT to amend the education law and the tax law, in relation to establishing student loan repayment accounts

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. The education law is amended by adding a new section 682 to  
2 read as follows:

3 § 682. Student loan repayment accounts. 1. An employer is hereby  
4 authorized to establish student loan repayment accounts which shall  
5 permit his or her employees to deposit a portion of their pre-tax  
6 income, up to twenty-five hundred dollars annually, into such accounts  
7 solely for undergraduate or graduate student loan repayments. Employers  
8 electing to establish such accounts shall contribute matching funds to  
9 an employee's student loan repayment account and shall receive a tax  
10 deduction for such contributions. Such contribution shall be minimally  
11 fifty percent of the employee's deposit and a maximum one hundred  
12 percent of the employee's deposit, up to twenty-five hundred dollars  
13 annually, per employee account.

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

18 3. Employee student loan repayment accounts shall be established for  
19 the deposit of funds to be used by the employee solely for repayment of  
20 student loans. Such accounts shall be managed by the higher education  
21 services corporation. All participating employers and employees shall  
22 provide the corporation with all necessary information in order to  
23 implement the provisions of this section.

24 4. Moneys in a student loan repayment account shall be available only  
25 for repayments of student loans as defined in this section. Any with-

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

LBD11168-02-7

1 drawal or distribution from a student loan repayment account which  
2 violated the provisions of this subdivision shall be subject to a penal-  
3 ty of ten percent on any such withdrawal or distribution.

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

7 § 2. Subdivision 9 of section 208 of the tax law is amended by adding  
8 a new paragraph (u) to read as follows:

9 (u) A taxpayer establishing student loan repayment accounts pursuant  
10 to section six hundred eighty-two of the education law shall be allowed  
11 a deduction from entire net income in an amount equal to the total  
12 amount of matching contributions made to employees' student loan repay-  
13 ment accounts by a taxpayer during the taxable year.

14 § 3. Subsection (c) of section 612 of the tax law is amended by adding  
15 a new paragraph 17 to read as follows:

16 (17) The amount equal to the total amount of matching contributions  
17 made by a taxpayer during the taxable year to employees' student loan  
18 repayment accounts established pursuant to section six hundred eighty-  
19 two of the education law.

20 § 4. This act shall take effect on the sixtieth day after it shall  
21 have become a law and shall apply to taxable years commencing on or  
22 after such effective date; provided, however, that effective immediate-  
23 ly, the addition, amendment and/or repeal of any rule or regulation  
24 necessary for the implementation of this act on its effective date are  
25 authorized and directed to be made and completed on or before such  
26 effective date.