

# STATE OF NEW YORK

7224

2017-2018 Regular Sessions

## IN ASSEMBLY

April 12, 2017

Introduced by M. of A. CRESPO, SEPULVEDA, PICHARDO, RAMOS, DE LA ROSA, ARROYO, RIVERA, DAVILA, DILAN -- read once and referred to the Committee on Higher Education

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

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. College debt freedom account program. 1. There is hereby estab-  
4 lished the college debt freedom account program. Such program shall  
5 permit employees to deposit a portion of their pre-tax income pursuant  
6 to paragraph forty-two of subsection (c) of section six hundred twelve  
7 of the tax law, into an account solely intended for undergraduate  
8 student loan repayments. Employers may elect to participate in the  
9 program and receive a tax credit by contributing matching funds to an  
10 employee's student loan repayment account established pursuant to this  
11 section. Such contribution shall be minimally fifty percent of the  
12 employee's deposit and a maximum one hundred percent of the employee's  
13 deposit, up to twenty-five hundred dollars annually, per employee  
14 account. The annual maximum aggregate amount to be deposited per  
15 account by the employee and employer shall be five thousand dollars.

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

20 3. Employee student loan repayment accounts shall be established by an  
21 employee for deposit of funds to be used solely for repayment of student  
22 loans. Such accounts shall be managed by the higher education services  
23 corporation. All enrollees and participating employers shall provide the

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

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1 corporation with all necessary information in order to implement the  
2 provisions of this section.

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

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

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

13 (42) Payment not in excess of twenty-five hundred dollars actually  
14 paid by an eligible borrower for student loan repayment, to the extent  
15 not deductible in determining federal adjusted gross income and not  
16 reimbursed. For the purposes of this paragraph, the following terms  
17 shall have the following meanings:

18 (i) "Student loans" shall mean any indebtedness incurred by the  
19 taxpayer for an undergraduate education loan in accordance with section  
20 221 of the internal revenue code.

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

24 § 3. Section 210-B of the tax law is amended by adding a new subdivi-  
25 sion 49 to read as follows:

26 49. College debt freedom account program tax credit. (a) General. An  
27 employer who contributes matching funds towards an employee's undergrad-  
28 uate student loan repayments, shall be allowed a credit, to be computed  
29 as provided in this subdivision, against the tax imposed by this arti-  
30 cle, for contributions the employer deposits annually, up to twenty-five  
31 hundred dollars per employee per year.

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

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

40 <u>(xliii) College debt</u>	<u>Amount of credit</u>
41 <u>freedom account</u>	<u>under subdivision forty-nine</u>
42 <u>program tax credit under</u>	<u>of section two hundred ten-B</u>
43 <u>subsection (ccc)</u>	

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

46 (ccc) College debt freedom account program tax credit. (a) General. An  
47 employer who contributes matching funds towards an employee's undergrad-  
48 uate student loan repayments, shall be allowed a credit, to be computed  
49 as provided in this subsection, against the tax imposed by this article,  
50 for contributions the employer deposits annually, up to twenty-five  
51 hundred dollars per employee per year.

52 (b) Amount of credit. The credit authorized by this subsection shall  
53 be equal to the amount of the employer contribution; provided that such  
54 contribution shall be a minimum of fifty percent and a maximum of one  
55 hundred percent of the employee's deposit to a student loan repayment  
56 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 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. This act shall take effect on the sixtieth day after it shall have become a law.