STATE OF NEW YORK

6755

2021-2022 Regular Sessions

IN SENATE

May 14, 2021

Introduced by Sen. SALAZAR -- 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 higher education debt consolidation and refinancing program

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

Section 1. Article 14 of the education law is amended by adding a new part 6 to read as follows:

PART VI

NEW YORK STATE HIGHER EDUCATION DEBT CONSOLIDATION AND REFINANCING PROGRAM

Section 694-j. New York state higher education debt consolidation and refinancing program.

§ 694-j. New York state higher education debt consolidation and refinancing program. 1. The corporation shall have the authority to issue up to five hundred million dollars in bonds, to consolidate and refinance the education loans of eligible borrowers at a lower interest rate, provided, however if the corporation determines it needs to issue more than five hundred million dollars in bonds to operate the program effectively, the corporation shall make the determination by January fifteen of the year subsequent to when the program goes into effect.

2. The corporation shall consolidate and refinance the education loans of eligible borrowers and interest shall accrue upon all student loan payments made by eligible borrowers to the corporation at a rate per annum that is equal to or less than 5.5%. Interest shall accrue from the time the eligible borrower commences repayment under this section, and shall accrue only during the period over which the eligible borrower is required to make such repayment.

3. Should an eligible borrower fail to pay to the division any amounts owed under this section within thirty days of the due date, the corporation shall review the eligible borrower's financial circumstances in

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

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order to determine whether the delinquency is a result of a change in the eligible borrower's financial circumstances. If such a determination is made, the corporation may modify the eligible borrower's required payments. If failure to pay is not determined to be due to a material deterioration in the eligible borrower's financial circumstances, the corporation shall terminate and take any legal action necessary to enforce the terms of the loan.

4. The program's operating and administrative costs shall be covered by the fees charged to apply for the refinancing and the interest rate surcharge.

5. The corporation shall submit an annual report on the program to the governor and the legislature and the report shall be published on the corporation's website. The report shall include but not be limited to the following:

(a) The amount of bonds floated to cover the student debt refinancing;

(b) The number of loans refinanced;

(c) The breakdown of the refinancing rates charged to refinance;

(d) The gender, race and ethnicity of the person refinancing;

(e) The total debt load refinanced by each racial or ethnic group; and

(f) The total administrative costs for operating the refinancing program and the projected total refinancing costs incurred till debt is paid for each racial and ethnic group.

6. The corporation is authorized to promulgate rules and regulations necessary for the implementation of the provisions of this section.

7. Under this section "eligible borrower" and "education loan" shall mean as defined under section six hundred ninety of this article.

§ 2. This act shall take effect on the one hundred twentieth day after it shall have become a law.