

# STATE OF NEW YORK

10445

## IN SENATE

May 15, 2026

Introduced by Sen. GIANARIS -- (at request of the State Comptroller) --  
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 scholar-  
ship programs within the New York 529 program

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

1 Section 1. Legislative intent. It is the intent of the legislature to  
2 support children and their future endeavors by expanding the accessibil-  
3 ity of scholarships and grants available to them, and to provide a path-  
4 way for children to begin saving for their future education costs.

5 § 2. Section 695-a of the education law, as added by chapter 546 of  
6 the laws of 1997, is amended to read as follows:

7 § 695-a. Purposes. The purposes of the tuition savings program shall  
8 be to authorize the establishment of family tuition accounts and to  
9 provide guidelines for the maintenance of such accounts to:

10 1. Enable residents of this state and other states to benefit from the  
11 tax incentive provided for qualified state tuition programs under the  
12 Internal Revenue Code of 1986, as amended; ~~and~~

13 2. Attract students to public and private colleges and universities  
14 within the state~~[-]~~; and

15 3. Provide a pathway for eligible children to save for education  
16 expenses through grant and scholarship programs, including scholarship  
17 programs established pursuant to section six hundred ninety-five-h of  
18 this article.

19 § 3. The education law is amended by adding a new section 695-h to  
20 read as follows:

21 § 695-h. Scholarship and universal 529 programs; establishment of  
22 scholarship programs. 1. The comptroller, in consultation with the  
23 corporation, is hereby authorized to develop and administer a scholar-  
24 ship and savings program pursuant to the provisions of this article,  
25 including but not limited to a universal scholarship program, to provide  
26 a pathway for eligible children to save for education expenses in furth-  
27 erance of the purposes of this article.

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

LBD14950-01-6

1 2. The comptroller shall serve as the account holder for accounts  
2 within a scholarship program created pursuant to this section to fund  
3 scholarships for persons whose identity shall be determined by the  
4 program.

5 3. Where an account, created pursuant to subdivision twelve of section  
6 six hundred ninety-five-e of this article, already exists for the bene-  
7 fit of an individual also eligible for any scholarship program created  
8 pursuant to this section, the comptroller may, instead of opening a new  
9 account under any scholarship program created pursuant to this section,  
10 disburse scholarship monies to that established account, where such  
11 option is elected by the parent or guardian of the account beneficiary.

12 4. All program limitations set forth in subdivision sixteen of section  
13 six hundred ninety-five-e of this article and section six hundred nin-  
14 ty-five-f of this article shall be applicable to any scholarship program  
15 created pursuant to this section.

16 5. The definitions set forth in section six hundred ninety-five-b of  
17 this article shall be applicable to any scholarship programs created  
18 pursuant to this section, provided however, a withdrawal of monies from  
19 any such scholarship program account to make a rollover to a Roth Indi-  
20 vidual Retirement Account as provided for in section 529(c)(3)(E) of the  
21 Internal Revenue Code of 1986, shall not be considered a qualified with-  
22 drawal under any scholarship program created pursuant to this section.

23 6. Monies in any scholarship program account created pursuant to this  
24 section shall not be used toward the calculation of New York state  
25 financial aid under a financial aid program administered by the state.

26 7. Any scholarship program created pursuant to this section may  
27 receive and use fees payable to the state as set forth in agreements  
28 between the state and depositories and managers of the program and in  
29 accordance with subdivision two of section six hundred ninety-five-c of  
30 this article, any gifts or bequests of money provided for such purpose,  
31 and any monies appropriated by the legislature for such purpose.

32 8. Any state agency or agency of a city with a population of one  
33 million or more shall provide access to information requested by the  
34 comptroller or the corporation, in accordance with applicable state and  
35 federal law, for the administration and operation of a scholarship  
36 program created pursuant to this section and in accordance with this  
37 section.

38 9. The comptroller, in consultation with the corporation, shall  
39 promulgate rules and regulations necessary to administer the provisions  
40 of this section, including an application form and process, eligibility  
41 criteria, and process for disbursement.

42 § 4. Subdivision 2 of section 695-c of the education law, as added by  
43 chapter 546 of the laws of 1997, is amended to read as follows:

44 2. In furtherance of such implementation the memorandum of understand-  
45 ing shall address the authority and responsibility of the comptroller  
46 and the corporation to:

47 a. develop and implement the program in a manner consistent with the  
48 provisions of this article through rules and regulations established in  
49 accordance with the state administrative procedure act;

50 b. engage the services of consultants on a contract basis for render-  
51 ing professional and technical assistance and advice;

52 c. seek rulings and other guidance from the United States Department  
53 of the Treasury and the Internal Revenue Service relating to the  
54 program;

55 d. make changes to the program required for the participants in the  
56 program to obtain the federal income tax benefits or treatment provided

1 by section 529 of the Internal Revenue Code of 1986, as amended, or any  
2 similar successor legislation;

3 e. charge, impose, and collect administrative fees and service charges  
4 in connection with any agreement, contract or transaction relating to  
5 the program;

6 f. develop marketing plans and promotion material;

7 g. establish the methods by which the funds held in such accounts be  
8 [~~dispersed~~] disbursed;

9 h. establish the method by which funds shall be allocated to pay for  
10 administrative costs; [~~and~~]

11 i. allocate funds available after payment of administrative costs to  
12 support scholarship and grant programs, including any program estab-  
13 lished pursuant to section six hundred ninety-five-h of this article;  
14 and

15 j. do all things necessary and proper to carry out the purposes of  
16 this article.

17 § 5. Subdivision 12 of section 695-e of the education law, as amended  
18 by chapter 593 of the laws of 2003, is amended to read as follows:

19 12. a. [~~A~~] The state or a local government or organization described  
20 in section 501(c)(3) of the Internal Revenue Code of 1986, as amended,  
21 may open and become the account owner of [~~an account~~] one or more  
22 accounts to fund scholarships or grants for persons whose identity is  
23 known or will be determined upon disbursement.

24 b. In the case of any account opened pursuant to paragraph a of this  
25 subdivision the requirement set forth in subdivision two of this section  
26 that a designated beneficiary be designated when an account is opened  
27 shall not apply and each individual who receives an interest in such  
28 account as a scholarship or grant shall be treated as a designated bene-  
29 ficiary with respect to such interest.

30 § 6. This act shall take effect immediately.