STATE OF NEW YORK

1125

2025-2026 Regular Sessions

IN SENATE

January 8, 2025

Introduced by Sens. OBERACKER, BORRELLO, GALLIVAN, RHOADS -- 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:

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

§ 682. Student loan repayment accounts. 1. An employer is hereby authorized to establish student loan repayment accounts which shall permit their employees to deposit a portion of their pre-tax income, up to five thousand dollars annually, into such accounts solely for undergraduate or graduate student loan repayments. Employers electing to establish such accounts may contribute matching funds to an employee's student loan repayment account and shall receive a tax deduction for such contributions. Such contribution may be up to a maximum of one hundred percent of the employee's deposit, up to five thousand dollars annually, per employee account.

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 or graduate college or university, and any interest thereon.

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

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

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

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

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

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

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

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

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

§ 5. 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 such effective date. Effective immediately the addition, amendment and/or repeal of any rule or regulation necessary for the implementation of this act on its effective date are authorized to be made and completed on or before such date.