

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:

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 their employees to deposit a portion of their pre-tax income, up
6 to five thousand dollars annually, into such accounts solely for under-
7 graduate or graduate student loan repayments. Employers electing to
8 establish such accounts may contribute matching funds to an employee's
9 student loan repayment account and shall receive a tax deduction for
10 such contributions. Such contribution may be up to a maximum of one
11 hundred percent of the employee's deposit, up to five thousand dollars
12 annually, per employee account.

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

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

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

LBD03495-01-5

1 4. Moneys in a student loan repayment account shall be available only
2 for repayments of student loans as defined in this section. Any with-
3 drawal or distribution from a student loan repayment account which
4 violated the provisions of this subdivision shall be subject to a penal-
5 ty of ten percent on any such withdrawal or distribution.

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

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

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

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

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

22 § 4. Notwithstanding any provision of the tax law to the contrary, the
23 aggregate of tax expenditure and taxes forgone pursuant to sections two
24 and three of this act shall not exceed \$70,000,000. The commissioner of
25 taxation and finance shall immediately suspend both deductions estab-
26 lished pursuant to such sections upon reaching the \$70,000,000 thresh-
27 old.

28 § 5. This act shall take effect on the sixtieth day after it shall
29 have become a law and shall apply to taxable years commencing on or
30 after such effective date. Effective immediately the addition, amendment
31 and/or repeal of any rule or regulation necessary for the implementation
32 of this act on its effective date are authorized to be made and
33 completed on or before such date.