

# 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.