AN ACT

1 Providing for student loan debt data collection and report, for
2 procedures for student loans, for disclosure of higher
3 education costs, for a student loan ombudsman, for higher
4 education assistance by employers, for duties of the
5 Department of Education, Department of Banking and Securities
6 and Department of Revenue; establishing the Student Loan
7 Refinancing Program; authorizing the Pennsylvania Higher
8 Education Assistance Agency to issue bonds to fund the
9 Student Loan Refinancing Program; establishing the Student
10 Loan Refinancing Fund; providing for student loan debt tax
11 credit, for application for tax credit, for taxpayer
12 eligibility, for carryover and carryback, for outreach and
13 marketing, for guidelines, for employer incentive for higher
14 education assistance tax credit, for application for tax
15 credits and for carryover, carryback and assignment of tax
16 credits; and imposing penalties.

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The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

CHAPTER 1
GENERAL PROVISIONS
Section 101. Short title.
This act shall be known and may be cited as the Higher Education Loan Protection Act.
Section 102. Definitions.
The following words and phrases when used in this act shall have the meanings given to them in this section unless the context clearly indicates otherwise:
"Cost of attendance." As defined in section 472 of the

"Department." The Department of Education of the Commonwealth.

"Financial institution." Any of the following:

(1) A Federal or State-chartered bank.
(2) A building and loan association.
(3) A mutual savings bank.
(4) A bank and trust company.
(5) A savings bank.
(6) A savings and loan association.
(7) A trust company.
(8) A credit union.

"Institution of higher education." Includes any of the following:

(2) A university within the State System of Higher Education.
(3) The Pennsylvania State University, the University of Pittsburgh, Temple University, Lincoln University or any other institution designated as State-related by the Commonwealth.
(4) The Thaddeus Stevens College of Technology.
(5) A college established under Article XIX-G of the Public School Code of 1949.
(6) An institution of higher education located in and incorporated or chartered by the Commonwealth and entitled to confer degrees as set forth in 24 Pa.C.S. § 6505 (relating to...
power to confer degrees) and as provided for by the standards
and qualifications prescribed by the State Board of Education
under 24 Pa.C.S. Ch. 65 (relating to private colleges,
universities and seminaries).

(7) A private school licensed under the act of December
15, 1986 (P.L.1585, No.174), known as the Private Licensed
Schools Act.

(8) A foreign corporation approved to operate an
educational enterprise under 22 Pa. Code Ch. 36 (relating to
foreign corporation standards).

"Ombudsman." The student loan ombudsman designated under
section 901(a).

"Pennsylvania employer." A person, business entity or other
entity, employing one or more persons in this Commonwealth for a
salary, wage, commission or other compensation. The term
includes the Commonwealth, a political subdivision and an
instrumentality or public authority of the Commonwealth or a
political subdivision.

"Private lender." Any of the following:

(1) A financial institution that solicits, makes or
extends private student loans.

(2) Any other person engaged in the business of
soliciting, making or extending private student loans.

"Private student loan." A loan provided by a private lender
that is not made, insured or guaranteed under Federal or State
law and is issued expressly for postsecondary educational
expenses to a borrower, regardless of whether the loan is
provided through the educational institution that the subject
student attends or directly to the borrower from the private
lender. The term does not include an extension of credit under
an open-end consumer credit plan, a reverse mortgage
transaction, a residential mortgage transaction or any other
loan that is secured by real property or a dwelling.

"Qualifying higher education contribution." Any payment or
contribution made by an individual's employer to an individual's
account, without regard to whether the payment is made as a
match to payments made by the individual, independently of any
payments by the individual, or is determined in any other
manner.

"Qualifying student loan payment." Any payment or
contribution made by an individual's employer to an individual's
outstanding student loan debt.

"Secretary." The Secretary of Education of the Commonwealth.

"Student loan." A loan primarily for personal use to finance
higher education or other higher-education-related expenses.

"Student loan borrower." A resident of this Commonwealth who
has received or agreed to pay a student loan or any person who
shares responsibility with a resident for repaying a student
loan.

"Student loan servicer." Any person responsible for
servicing of any student loan to any student loan borrower.

CHAPTER 3

STUDENT DEBT DATA COLLECTION

Section 301. Scope of chapter.

This chapter relates to data collection for purposes of
tracking student debt trends in this Commonwealth.

Section 302. Student loan debt data collection.

By January 1 of each year, information shall be provided to
the department as follows:

(1) The Board of Governors of the State System of Higher
Education shall provide the average amount of student loan debt incurred in the previous school year by resident undergraduate students enrolled at each institution within the system.

(2) The board of trustees of each community college shall provide the average amount of student loan debt incurred in the previous school year by resident undergraduate students enrolled at the community college.

(3) The Board of Trustees of the Thaddeus Stevens College of Technology shall provide the average amount of student loan debt incurred in the previous school year by resident students enrolled at the institution.

(4) The Board of Directors of the Pennsylvania College of Technology shall provide the average amount of student loan debt incurred in the previous school year by resident students enrolled at the institution.

(5) The board of trustees of each State-related university shall provide the average amount of student loan debt incurred in the previous school year by resident undergraduate students enrolled at the university.

(6) The Association of Independent Colleges and Universities of Pennsylvania or a successor organization of the private, nonprofit accredited institutions of higher education in this Commonwealth shall provide the average amount of student loan debt incurred in the previous school year by resident undergraduate students enrolled at each institution.

Section 303. Data analysis and report.

By May 1 of each year, the department shall do all of the following:
(1) Compile the information provided under section 302 and, from that information, compute the Statewide average amount of student loan debt incurred in the previous school year by resident undergraduate students enrolled at the institutions specified in section 302.

(2) Compare the amount computed under paragraph (1) to the national average amount of student loan debt incurred in the previous school year by undergraduate students enrolled at institutions of higher education in the United States.

(3) Compare the amount computed under paragraph (1) to the Statewide average amount of student loan debt incurred by undergraduate students in this Commonwealth for the two school years immediately preceding the school year under paragraph (1) to determine whether student loan debt in this Commonwealth is increasing or decreasing.

(4) Submit a report regarding student loan debt incurred by resident undergraduate students at the institutions specified in section 302 to the Governor and the General Assembly and shall be posted on the department's publicly accessible Internet website. The report shall include an analysis of the information provided to the department under section 302, the Statewide average amount of student loan debt computed under paragraph (1) and the comparisons described in paragraphs (2) and (3).

CHAPTER 5

PRIVATE STUDENT LOAN PROTECTIONS

Section 501. Prerequisite for private student loan issuance.

(a) Institutional certification required.--Except as provided in subsection (b), before a private lender may issue any money with respect to a private student loan, the private
lender shall obtain from the institution of higher education
where the loan is to be used by a student, the institution's
certification of:

(1) The enrollment status of the student.
(2) The student's cost of attendance at the institution.
(3) The difference between the cost of attendance and
the student's estimated financial assistance, including
assistance received under Title IV of the Higher Education
Act of 1965 and other financial assistance known to the
institution, as applicable.

(b) Exception.--Notwithstanding subsection (a), a private
lender may issue money with respect to a private student loan
without obtaining an institution's certification if the
institution fails to provide the requested certification, or
notification that the institution has received the request for
certification and will need additional time to comply with the
request, within 15 business days of receipt of the request from
the private lender.

(c) Loans disbursed without certification.--If a private
lender issues money without obtaining a certification, as
described in subsection (b), the private lender shall:

(1) Report the issuance of the money in a manner
determined by the Department of Banking and Securities.
(2) On or before the date a private lender issues any
money with respect to a private student loan, notify the
relevant institution of higher education, in writing, of the
amount of the private student loan and the student on whose
behalf the private student loan is extended.

(d) Annual report.--A private lender that issues a private
student loan shall prepare and submit an annual report to the
Department of Banking and Securities and the department. The report shall include the terms of each loan and any other information requested by the Department of Banking and Securities after consultation with the secretary.

Section 502. Duties of institution of higher education.

(a) Duties in connection with application for private student loan.—Within 15 business days of receipt of a request from a private lender under section 501, an institution of higher education shall either:

(1) provide certification to the private lender:

   (i) that the student who initiated the application for the private student loan, or on whose behalf the application was initiated, is enrolled or is scheduled to enroll at the institution;

   (ii) of the student's cost of attendance at the institution; and

   (iii) of the difference between:

      (A) the cost of attendance at the institution;

      and

      (B) the student's estimated Federal and State financial assistance received and any other assistance known to the institution, as applicable;

   or

(2) notify the private lender that the institution has received the request for certification and will need additional time to comply with the certification request. An extension of time under this paragraph shall not exceed 10 days.

(b) Duties in connection with certification request.—Upon receipt of a certification request described in section 501, and
prior to providing the certification, the institution of higher education shall:

(1) Determine whether the student has applied for and exhausted all Federal and State financial assistance available to the student and inform the student accordingly.

(2) Provide the student whose loan application has prompted the certification request by a private lender with the following information and disclosures:

   (i) The amount of additional Federal and State student assistance for which the student is eligible and the advantages of Federal and State loans, including disclosure of the fixed interest rates, deferments, flexible repayment options, loan forgiveness programs and additional protections and the higher student loan limits for dependent students whose parents are not eligible for Federal Direct PLUS Loans.

   (ii) The student's ability to select a private lender of the student's choice.

   (iii) The impact of a proposed private student loan on the student's potential eligibility for other financial assistance, including Federal and State financial assistance.

   (iv) The student's right to accept or reject a private student loan within the 30-day period following a private lender's approval of a student's application and the student's three-day right to cancel period.

(c) Definition.--As used in this section, the term "student" means a student who initiated an application for a private student loan or on whose behalf an application for a private student loan was initiated.
Section 503. Information to students.

(a) Loan statement.--A private lender that issues any money with respect to a private student loan shall send loan statements to the borrower not less than once every three months during the time that the student is enrolled at an institution of higher education.

(b) Content of loan statement.--Each statement described in subsection (a) shall:

(1) Report the borrower's total incurred debt and total remaining debt owed to the private lender, including accrued but unpaid interest and capitalized interest.

(2) Report any debt increases since the last statement.

(3) List the current interest rate for each loan and a history of the interest rate changes on each loan.

Section 504. Student borrower's right to know.

(a) Data compilation.--No later than 90 days after the effective date of this section, the Department of Banking and Securities shall compile data from financial institutions offering private student loans for the purpose of comparing private lenders' student loan interest rates, loan terms and repayment plans. The data collected shall be updated monthly and shall include also all of the following:

(1) Policies relating to deferment and forbearance.

(2) Loan default policies and penalties.

(3) Any other information that the Department of Banking and Securities deems relevant for the purpose of creating a list of private lenders that provide the lowest rates and best repayment options on student loans.

(b) Lists.--Using the data compiled under subsection (a), the Department of Banking and Securities shall:
(1) Create and maintain a database of private lenders, student loan interest rates, loan terms and repayment options.

(2) Compile a list of the 10 best private lenders based on interest rates, loan terms, repayment options and other policies that are most favorable to the student borrower.

(c) Public access.--The Department of Banking and Securities shall place the lists under subsection (b) at an easily accessible location on the department's Internet website. The Department of Banking and Securities shall update its Internet website on a monthly basis to ensure that the student loan information in the lists is current and accurate. Information pertaining to private lenders that are not listed under subsection (b)(2) shall also be posted on the Internet website of the Department of Banking and Securities, and the private lenders that provide the highest interest rates and strictest repayment options shall be clearly indicated.

(d) Internet links.--Each of the following entities shall provide, in an easily accessible location on the entity's Internet website, a link to the Internet website of the Department of Banking and Securities with the lists and other information under subsection (b):

(1) The department.

(2) The State System of Higher Education and each member university.

(3) The agency.

(4) Each State-related university in this Commonwealth.

(5) Each community college in this Commonwealth.

(6) Each private, nonprofit accredited institution of higher education in this Commonwealth.
CHAPTER 7
HIGHER EDUCATION COST TRANSPARENCY AND FINANCIAL LITERACY

Section 701. Cost transparency.

Each institution of higher education shall provide to a prospective or newly accepted student and to the student's parents or legal guardian clearly outlined and easy-to-understand information pertaining to all of the following:

1. The total cost of attendance at the institution of higher education.
2. The approximate or, if known, the actual total amount of financial aid that the student would receive from the institution of higher education and the approximate or, if known, the actual total amount of student loan debt that the student would accumulate over the course of four years if the student were to attend the institution of higher education for four years.
3. Student loan rates, repayment plans, default rates and the actual monthly payment that would be required to pay the student loan debt described in paragraph (2) when the loan becomes due.

Section 702. Student borrower financial literacy.

(a) Applicability.—This section applies to any student loan offered by an institution of higher education or a private lender or recommended to a student by an institution of higher education, other than a federally funded, federally insured or federally guaranteed loan for which counseling is required by section 485 of the Higher Education Act of 1965 (20 U.S.C. § 1092).

(b) Pre-loan counseling.—Before a student enters into a
student loan agreement, an institution of higher education or a private lender shall provide the student with comprehensive information on the terms and conditions of the loan and the responsibilities of the student with respect to the loan. The institution of higher education or private lender must provide the information to the student during a counseling session conducted in person, on a written form provided to the student that the student signs and returns, or online, with the student acknowledging receipt of the information. The information provided shall include all of the following:

(1) To the extent practicable, the effect of accepting the loan on the eligibility of the borrower for other forms of student financial assistance.

(2) How interest accrues and is capitalized during periods when the interest is not paid by the student.

(3) The definitions of full-time and half-time enrollment at the institution of higher education during regular terms and intersession terms, if applicable, and the consequences of not maintaining full-time or half-time enrollment.

(4) The importance of contacting the appropriate office at the institution of higher education if the student withdraws before completing the student's program of study so that the institution can provide counseling under subsection (d).

(5) Sample monthly repayment amounts, based on a range of levels of indebtedness.

(6) A good faith estimate of the student's projected loan debt-to-income ratio upon graduation, calculated using all of the following:
(i) The best available date on starting wages for the student's program of study, if available.

(ii) The estimated total student loan debt, including Federal debt and, to the best of the institution or private lender's knowledge, prior debt already incurred by the borrower on behalf of the student.

(iii) The estimated future debt required to complete the student's program of study.

(7) A warning that the higher the student's debt-to-income ratio is, the more difficulty the student is likely to experience in repaying the loan.

(8) A statement that the student should borrow the minimum amount necessary to cover expenses and that the student does not have to accept the full amount of the loans for which the student is eligible or offered.

(9) Options for reducing borrowing through scholarships, reduced expenses, work study or other work opportunities.

(10) An explanation of the importance of the student graduating on time or early to avoid additional borrowing, the course load necessary to graduate on time and how adding an additional year of study impacts total indebtedness.

(11) The obligation of the student to repay the full amount of the loan, irrespective of whether the student completes the student's program of study at the institution.

(12) The likely consequences if the borrower defaults on the loan, including adverse credit reports, difficulty in obtaining other loans, delinquent debt collection procedures and litigation.

(13) Whether the student has reached the limit on the
(14) The name of, and contact information for, an individual the student may contact if the student has any questions about the student's rights and responsibilities or the terms and conditions of the loan.

(15) How the borrower, a student or any member of the public may file a complaint about a lender with the Federal Consumer Financial Protection Bureau by calling a toll-free telephone number, or by completing a complaint form, which may be obtained on the bureau's Internet website. The toll-free telephone number and Internet website address of the bureau shall be included.

(16) How a student or member of the public may file a complaint about a lender with the Attorney General of the Commonwealth.

(c) Disclosure and counseling related to private student loan.--

(1) If the institution of higher education provides a private lender list to students, the institution shall provide general information about the loans available through the lender and disclose the reason for each lender's inclusion on the list. The institution shall also disclose with the list that the student may choose any lender irrespective of whether it appears on the list.

(2) In conjunction with providing counseling under subsection (b), the institution of higher education shall also clearly distinguish private student loans from Federal and State loans in individual financial aid awards by stating, for any private student loans included by the institution as part of the institution's award package, all
of the following:

(i) Whether the rate is fixed or variable.

(ii) An explanation that private lenders can offer variable interest rates that can increase or decrease over time, depending on market conditions.

(iii) An explanation that private student loans have a range of interest rates and fees and students should determine the interest rate of, and any fees associated with, private student loans included in their financial aid award package before accepting the loans.

(iv) A statement that a student should contact the private lender or the financial aid office of the student's institution of higher education if the student has questions about a private student loan.

(v) An explanation that the interest rate on a private student loan may depend on the borrower's credit rating.

(3) In addition to the prohibitions on issuing funds under section 501, a private lender may not accept a final and complete application for a private student loan from an applicant, or assess any fees upon an applicant, without first receiving certification from the applicant's institution of higher education that the applicant has received counseling from the institution under subsection (b) and that the counseling was conducted in person, unless the certification specified that the applicant elected to receive the counseling in a manner other than in person. The certification required under this paragraph shall be signed by the applicant and the institutional counselor and shall include the date of the counseling and the name, address and
telephone number of both the counselor and the applicant. An
electronic facsimile copy of the counseling certification
satisfies the requirement of this paragraph. The private
lender shall maintain the certification in an accurate,
reproducible and accessible format for the term of the
student loan.

(d) Exit counseling.--As close as practicable to the date
that a student graduates from, transfers from, withdraws from or
otherwise completes the student's program of study at the
institution of higher education, the institution shall provide
the student with information relating to all of the following:

(1) Repayment plans that are available, including a
description of the different features of each plan and sample
information showing the average anticipated monthly payments
and the difference in interest paid and total payments under
each plan.

(2) Debt management strategies designed to facilitate
the repayment of indebtedness.

(3) The options to prepay each loan, pay each loan on a
shorter schedule or change repayment plans.

(4) The likely consequences of default on the loan,
including adverse credit reports, difficulty in obtaining
other loans, delinquent debt collection procedures and
litigation.

(5) The effects of consolidation on a borrower's
underlying loan benefits.

(6) Grace periods, loan forgiveness, cancellation and
deferment opportunities.

(7) The borrower benefit programs of the borrower's
lenders.
(8) The tax benefits that may be available to borrowers.
(9) How to enroll in income-based repayment.
(e) Counseling alternative.--With respect to a student who
leaves an institution of higher education without the knowledge
of the institution, the institution shall attempt to provide the
information described in subsection (d) to the student in
writing by mailing the information to the student at the address
on file with the institution of higher education.
(f) Fees.--An institution of higher education may assess a
reasonable fee on each private student loan to the private
lender to defray the cost of counseling under this section in an
amount not exceeding $50. The agency and the Department of
Banking and Securities shall jointly promulgate rules to
implement and administer this subsection.
(g) Definition.--As used in subsection (b), the term
"student" means a student who initiated an application for a
private student loan or on whose behalf an application for a
private student loan was initiated.

CHAPTER 9
STUDENT LOAN OMBUDSMAN
Section 901. Student loan ombudsman.
(a) Designation of ombudsman.--Within 90 days of the
effective date of this section, the secretary shall designate an
individual to serve as the ombudsman who shall be responsible
for providing assistance to student loan borrowers.
(b) Powers and duties.--The ombudsman shall have the
following powers and duties:
(1) To receive, review and attempt to resolve any
complaints from student loan borrowers, including, but not
limited to, attempts to resolve complaints in collaboration
with institutions of higher education, private lenders,
student loan servicers and any other participants in student
loan lending.

(2) To compile and analyze data on student loan borrower
complaints and post the results on the department's publicly
accessible Internet website.

(3) To assist student loan borrowers with understanding
their rights and responsibilities under the terms of the
student loans.

(4) To provide information to the Governor and General
Assembly regarding the problems and concerns of student loan
borrowers and make recommendations to resolve any problems or
concerns.

(5) To analyze and monitor the development and
implementation of Federal, State and local laws, regulations
and policies relating to student loan borrowers and recommend
any State or local changes deemed necessary.

(6) To review the complete student loan history for any
student loan borrower who has provided written consent for
such review.

(7) To disseminate information concerning the
availability of the ombudsman to assist student loan
borrowers and potential student loan borrowers, as well as
institutions of higher education, student loan servicers and
any other participant in student loan lending, with any
student loan servicing concerns.

(8) To take any other actions necessary to fulfill the
objectives of this chapter.

(c) Form.--The department shall develop any forms necessary
to implement this chapter. All forms shall be posted on the
department's publicly accessible Internet website.

Section 902. Education and outreach.

(a) Responsibility of ombudsman.--The ombudsman shall be an advocate for student loan borrowers in this Commonwealth and shall be responsible for conducting education and outreach regarding student loans throughout this Commonwealth.

(b) Student loan borrower course.--The ombudsman shall establish a student loan borrower education course that shall be available on the department's publicly accessible Internet website that shall include educational presentations and materials regarding student loans. At least once every two years, the ombudsman shall review and update the education course to reflect any changes in law, policy or other areas related to student loans.

(c) Minimum course requirements.--The course under subsection (b), at a minimum, shall include:

1. Key loan terms.
2. Documentation requirements.
3. Repayment obligations.
4. Repayment options, including income-based or income-driven repayment and loan forgiveness.
5. Disclosure requirements.

CHAPTER 11

EMPLOYER-PROVIDED HIGHER EDUCATION ASSISTANCE

Section 1101. Scope of chapter.

This chapter relates to authorizing and incentivizing employers to assist employees with the costs of higher education and student debt repayment.

Section 1102. Employer matching contributions to employee-owned tuition account program.
(a) Matching contribution authorized.--Notwithstanding any provision of law to the contrary, beginning January 1, 2020, a Pennsylvania employer may make a qualifying higher education contribution to the account of an employee who is an account owner as an employee benefit.

(b) Maximum contribution.--A contribution made by a Pennsylvania employer under this section may not exceed $500 per year for the employee who is an account owner. Contributions shall be made in a form and manner required by the Treasury Department.

(c) Tax treatment of employer contributions.--Contributions, and any increase in the value of those contributions, made by a Pennsylvania employer under this section shall be exempt from all taxation by the Commonwealth and its political subdivisions for the employee who is an account owner and the beneficiary of the account.

(d) Federal taxation.--The Treasury Department may take appropriate action in order to obtain a determination from the Internal Revenue Service or any other Federal agency as to whether contributions made under this chapter and the increase in value of the contributions shall be a transaction which will subject the employer or account owner to Federal taxation.

(e) Definitions.--As used in this section, the following words and phrases shall have the meanings given to them in this subsection unless the context clearly indicates otherwise:

"Account." A tuition account program established under the act of April 3, 1992 (P.L.28, No.11), known as the Tuition Account Programs and College Savings Bond Act.

"Account owner." As defined in section 302 of the Tuition Account Programs and College Savings Bond Act.
"Beneficiary." As defined in section 302 of the Tuition Account Programs and College Savings Bond Act.

Section 1103. Employer qualifying student loan payments.

(a) Qualifying student loan payments authorized.--

Notwithstanding any provision of law to the contrary, beginning January 1, 2020, a Pennsylvania employer may make qualifying student loan payments on behalf of an employee as an employee benefit. Payments shall be made directly to the entity that holds the student loan debt of the employee.

(b) Plan.--A Pennsylvania employer who offers qualifying student loan payments to its employees shall:

(1) Develop a separate written plan to provide employees with qualifying student loan payments.

(2) Ensure that the plan is available to all employees with student loan debt.

(3) Ensure that the plan does not discriminate in favor of employees who are highly compensated employees or have high student debt. The fact that an employee does not hold student loan debt shall not be the basis of a claim of discriminatory application of this program.

(4) Not provide qualifying student loan payments in lieu of other remuneration.

(5) Provide annual notification of the availability and terms of the program to eligible employees.

(c) Tax treatment.--Qualifying student loan payments made by a Pennsylvania employer in accordance with this section shall be exempt from all taxation by the Commonwealth and its political subdivisions for the employee. This subsection shall not apply to any qualifying student loan payment made under a program or policy which does not satisfy subsection (b).
(d) Limitation.--The exemption from taxation in subsection (c) shall be limited to $2,400 for each taxable year in which payments are made.

(e) Federal taxation.--The Department of Revenue may take appropriate action in order to obtain a determination from the Internal Revenue Service or any other Federal agency as to whether qualifying student loan payments made under this section shall be a transaction which will subject the employer or employee to Federal taxation.

Section 1104. Transfer of employee unused paid time off for student loan payments.

(a) Unused paid time off transfer authorized.--Notwithstanding any provision of law to the contrary, beginning January 1, 2020, a Pennsylvania employer that offers its employees paid time off may, in lieu of carrying the unused paid time off into the next year, allow the employee to convert up to five days of unused paid time off at the end of each calendar year into a qualifying student loan payment to be made by the employer on behalf of the employee. The amount of the payment shall be the product of the employee's hourly wage rate multiplied by eight hours a day.

(b) Program.--A Pennsylvania employer who offers the program under subsection (a) must:

(1) Develop a separate written program outlining the program.

(2) Ensure that the program is available to all employees who receive employer paid time off and who hold student loan debt.

(3) Ensure that the program is nondiscriminatory in application. The fact that an employee does not hold student loan debt shall not be a factor in determining whether an employee is eligible to receive a student loan payment under the program.
loan debt shall not be the basis of a claim of discriminatory
application of the program.

(4) Provide reasonable notification of the availability
and terms of the program to eligible employees.

(c) Tax treatment.--Qualifying student loan payments made by
a Pennsylvania employer in accordance with this section shall be
exempt from all taxation by the Commonwealth and its political
subdivisions for the employee. This subsection shall not apply
to any qualifying student loan payment made under a program or
policy which does not satisfy subsection (b).

(d) Federal taxation.--The Treasury Department may take
appropriate action in order to obtain a determination from the
Internal Revenue Service or any other Federal agency as to
whether qualifying student loan payments made under this section
shall be a transaction which will subject the employer or
employee to Federal taxation.

CHAPTER 13

STUDENT LOAN REFINANCING PROGRAM

Section 1301. Scope of chapter.
This chapter relates to providing financial relief to
Commonwealth residents carrying student loan debt.

Section 1302. Definitions.
The following words and phrases when used in this chapter
shall have the meanings given to them unless the context clearly
indicates otherwise:

"Bond." A bond authorized under this chapter for the purpose
of funding the program.

"Program." The Student Loan Refinancing Program established
under section 1303(a).

Section 1303. Student Loan Refinancing Program.
(a) Establishment.--The agency shall establish a program to be known as the Student Loan Refinancing Program.

(b) Purpose.--The purpose of the program is to ease the financial burden on residents of this Commonwealth who have student loan debt by providing an option to refinance that debt in order to reduce interest rates and total repayment amounts.

(c) Administration.--The agency shall administer the program as follows:

1. Only residents of this Commonwealth shall be eligible to participate in the program.
2. The maximum amount an individual may refinance through the program shall be $150,000.
3. Except as provided under subparagraph (4), the agency may not charge an interest rate in excess of 4% per annum.
4. The agency may charge an interest rate in excess of 4% per annum but not to exceed 10% if necessary to cover the actual costs associated with administering the program.
5. The agency shall, at a minimum, offer student loan repayment options of 10 years, 15 years and 20 years.
6. The agency may set as many repayment options as the agency deems appropriate to effectively administer the program. No repayment option may exceed 40% of a participant's debt-to-income ratio.

Section 1304. Bond issuance.

(a) Issuance.--Notwithstanding any other provision of law, the agency shall issue bonds for the purpose of funding the program.

(b) Debt or liability.--The following apply:

1. Bonds shall not be a debt or liability of the
Commonwealth and shall not create or constitute any
indebtedness, liability or obligation of the Commonwealth.

(2) Bond obligations shall be payable solely from
revenues or funds pledged or available for repayment as
authorized under this chapter.

(3) Each bond shall contain on the bond's face a
statement with all of the following information:

   (i) The agency is obligated to pay the principal of
       or interest on the bonds only from the revenues or funds
       pledged or available for repayment as authorized under
       this chapter.

   (ii) The full faith and credit of the Commonwealth
       is not pledged to the payment of the principal of or the
       interest on the bonds.

Section 1305. Bond limitations.

(a) Limitation.--The agency may issue bonds in an aggregate
principal amount not to exceed $1,000,000,000 provided that the
amount of debt incurred may not exceed $250,000,000 in any
fiscal year. The agency shall determine the principal amounts of
taxable and tax-exempt bonds to be issued for the program. The
agency shall determine if a bond or multiple bonds will be
issued for the program.

(b) Debt service.--The agency shall annually notify the
Governor and the chair and minority chair of the Appropriations
Committee of the Senate and the chair and minority chair of
Appropriations Committee of the House of Representatives of the
debt service payment due on bonds issued under this chapter.
Annual debt service for bonds shall be paid from proceeds of
Article II of the act of March 4, 1971 (P.L.6, No.2), known as
Section 1306. Deposit of bond proceeds.

The Student Loan Refinancing Fund is established in the State Treasury. Except as otherwise provided for in any contract with the bondholders, all appropriations and payments deposited into the Student Loan Refinancing Fund are appropriated on a continuing basis to the agency to be used solely for the purpose of refinancing outstanding student loans under the program. The net proceeds of any bond issued under this chapter, money received from repayments of principal on loans from the Student Loan Refinancing Fund, payments of interest, other fees and charges with respect to refinances made under this chapter and insurance premiums and charges assessed and collected by the agency on loans made from the Student Loan Refinancing Fund shall be deposited into the Student Loan Refinancing Fund.

CHAPTER 15

STUDENT LOAN DEBT TAX CREDIT

Section 1501. Definitions.

The following words and phrases when used in this chapter shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Department." The Department of Revenue of the Commonwealth.

"Eligible student loan payment." The amount the qualified taxpayer paid during the taxable year in principal and interest on student loans.


"Tax credit." The student loan debt tax credit provided under this chapter.
"Taxpayer." A resident individual of this Commonwealth who:

1. holds one or more student loans;
2. is not currently delinquent or in default on any student loans; and
3. made eligible student loan payments in the taxable year for which the tax credit is sought.

Section 1502. Application for tax credit.

A taxpayer may claim a student loan debt tax credit against the qualified tax liability of the taxpayer by submitting an application for the tax credit in a form and manner required by the department.

Section 1503. Maximum credit.

(a) Taxpayer credit.--A taxpayer may claim a tax credit equal to the amount of eligible student loan payments made by the taxpayer. No tax credit may exceed $500 per tax year.

(b) Spouses.--In the case of a married couple, each spouse is eligible for the tax credit.

(c) Limitation on credits.--In no case shall the aggregate amount of tax credits awarded in any fiscal year exceed $10,000,000.

Section 1504. Refund and carryback.

(a) Refund.--If a taxpayer cannot use the entire amount of the tax credit for the taxable year when the taxpayer is eligible for the credit, the taxpayer may claim a refund of the excess amount.

(b) Taxable years.--A tax credit approved by the department in a taxable year shall only be applied against the taxpayer's qualified tax liability for the taxable year in which the credit is sought.

(c) Limitations.--A taxpayer may not carry back, sell or
assign an unused tax credit.

Section 1505. Outreach and marketing.

The department shall establish and implement by January 1, 2020, an outreach and marketing plan to make taxpayers aware of the availability of the tax credit.

Section 1506. Guidelines.

The department shall adopt guidelines necessary to administer this chapter, including, but not limited to, all of the following:

(1) Guidelines that provide for the forms necessary to submit an application for the tax credit.

(2) Guidelines that authorize taxpayers to file a joint State tax return and submit an application for the tax credit.

CHAPTER 17
EMPLOYER INCENTIVE FOR HIGHER EDUCATION ASSISTANCE TAX CREDIT

Section 1701. Definitions.

The following words and phrases when used in this chapter shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Business firm." An entity authorized to do business in this Commonwealth and subject to taxes imposed under Article III, IV, VI, VII, VIII, IX or XV of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971. The term includes a pass-through entity.

"Department." The Department of Revenue of the Commonwealth.

"Pass-through entity." Any of the following:

(1) A partnership as defined in section 301(n.0) of the Tax Reform Code of 1971.
(2) A Pennsylvania S corporation as defined in section 301(n.1) of the Tax Reform Code of 1971.


"Qualifying employer-provided higher education assistance payment." A payment made by a business firm on behalf of an employee as authorized under Chapter 11.

"Tax credit." The employer incentive for higher education assistance tax credit provided under this chapter.

Section 1702. Application for tax credits.

(a) Application.--A business firm may apply to the department for a tax credit provided under this chapter in the form and manner required by the department.

(b) Review and approval.--The department shall review and approve or disapprove the applications in the order in which they are received. Upon determining that the business firm has incurred qualified employer-provided higher education assistance payments, the department may approve a tax credit.

(c) Qualification.--In order to qualify for a tax credit, a business firm must include information on the business firm's application documentation verifying the total qualified employer-provided higher education assistance payments made in the taxable year that ended in the prior calendar year.

Section 1703. Carryover, carryback and assignment of tax credits.

(a) Carryover.--

(1) If a business firm cannot use the entire amount of
the tax credit for the taxable year in which the tax credit is first approved, the excess may be carried over to succeeding taxable years and used as a credit against the qualified tax liability of the business firm for those taxable years.

(2) When the tax credit is carried over to a succeeding taxable year, the tax credit shall be reduced by the amount that was used as a credit during the immediately preceding taxable year. A tax credit may be carried over and applied to succeeding taxable years for no more than three taxable years after the first taxable year for when the taxpayer was entitled to claim the tax credit.

(b) Qualified tax liability.--A tax credit approved by the department in a taxable year first shall be applied against the business firm's qualified tax liability for the current taxable year as of the date when the tax credit was approved before the tax credit can be applied against any tax liability under subsection (a).

(c) Carryback or refund prohibited.--A business firm shall not be entitled to carry back or obtain a refund of all or any portion of an unused tax credit granted to the business firm.

Section 1704. Availability of tax credits.

(a) Aggregate amount.--The aggregate amount of tax credits awarded in a fiscal year may not exceed $5,000,000.

(b) Limitation.--A tax credit may not exceed 25% of the total qualified employer-provided higher education assistance payments made by a business firm in the taxable year.

Section 1705. Penalties.

A business firm that receives a tax credit that exceeds the limitation under section 1704(b) in a taxable year shall repay
to the Commonwealth the excess amount of the tax credit received.

CHAPTER 31
MISCELLANEOUS PROVISIONS

Section 3101. Effective date.

This act shall take effect in 60 days.