
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 400 Session of
2021

INTRODUCED BY HUGHES, MUTH, L. WILLIAMS, KEARNEY, KANE,
SANTARSIERO, TARTAGLIONE, BREWSTER AND COMMITTA,
MARCH 19, 2021

REFERRED TO EDUCATION, MARCH 19, 2021

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

16 CHAPTER 1

17 GENERAL PROVISIONS

18 Section 101. Short title.

19 This act shall be known and may be cited as the Higher
20 Education Loan Protection Act.

21 Section 102. Definitions.

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

25 "Account." A tuition savings account or prepaid tuition plan
26 as defined under section 529 of the Internal Revenue Code of
27 1986 (Public Law 99-514, 26 U.S.C. § 529).

28 "Agency." The Pennsylvania Higher Education Assistance
29 Agency.

30 "Cost of attendance." As defined in section 472 of the

1 Higher Education Act of 1965 (Public Law 89-329, 20 U.S.C. §
2 108711).

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

5 "Financial institution." Any of the following:

6 (1) A Federal or State-chartered bank.

7 (2) A building and loan association.

8 (3) A mutual savings bank.

9 (4) A bank and trust company.

10 (5) A savings bank.

11 (6) A savings and loan association.

12 (7) A trust company.

13 (8) A credit union.

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

16 (1) A community college operating under Article XIX-A of
17 the act of March 10, 1949 (P.L.30, No.14), known as the
18 Public School Code of 1949.

19 (2) A university within the State System of Higher
20 Education.

21 (3) The Pennsylvania State University, the University of
22 Pittsburgh, Temple University, Lincoln University or any
23 other institution designated as State-related by the
24 Commonwealth.

25 (4) The Thaddeus Stevens College of Technology.

26 (5) A college established under Article XIX-G of the
27 Public School Code of 1949.

28 (6) An institution of higher education located in and
29 incorporated or chartered by the Commonwealth and entitled to
30 confer degrees as set forth in 24 Pa.C.S. § 6505 (relating to

1 power to confer degrees) and as provided for by the standards
2 and qualifications prescribed by the State Board of Education
3 under 24 Pa.C.S. Ch. 65 (relating to private colleges,
4 universities and seminaries).

5 (7) A private school licensed under the act of December
6 15, 1986 (P.L.1585, No.174), known as the Private Licensed
7 Schools Act.

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

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

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

19 "Private lender." Any of the following:

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

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

24 "Private student loan." A loan provided by a private lender
25 that is not made, insured or guaranteed under Federal or State
26 law and is issued expressly for postsecondary educational
27 expenses to a borrower, regardless of whether the loan is
28 provided through the educational institution that the subject
29 student attends or directly to the borrower from the private
30 lender. The term does not include an extension of credit under

1 an open-end consumer credit plan, a reverse mortgage
2 transaction, a residential mortgage transaction or any other
3 loan that is secured by real property or a dwelling.

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

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

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

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

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

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

22 CHAPTER 3

23 STUDENT DEBT DATA COLLECTION

24 Section 301. Scope of chapter.

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

27 Section 302. Student loan debt data collection.

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

30 (1) The Board of Governors of the State System of Higher

1 Education shall provide the average amount of student loan
2 debt incurred in the previous school year by resident
3 undergraduate students enrolled at each institution within
4 the system.

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

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

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

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

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

28 Section 303. Data analysis and report.

29 By May 1 of each year, the department shall do all of the
30 following:

1 lender shall obtain from the institution of higher education
2 where the loan is to be used by a student, the institution's
3 certification of:

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

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

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

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

29 (d) Annual report.--A private lender that issues a private
30 student loan shall prepare and submit an annual report to the

1 Department of Banking and Securities and the department. The
2 report shall include the terms of each loan and any other
3 information requested by the Department of Banking and
4 Securities after consultation with the secretary.

5 Section 502. Duties of institution of higher education.

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

10 (1) provide certification to the private lender:

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

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

17 (iii) of the difference between:

18 (A) the cost of attendance at the institution;

19 and

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

23 or

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

29 (b) Duties in connection with certification request.--Upon
30 receipt of a certification request described in section 501, and

1 prior to providing the certification, the institution of higher
2 education shall:

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

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

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

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

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

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

27 (c) Definition.--As used in this section, the term "student"
28 means a student who initiated an application for a private
29 student loan or on whose behalf an application for a private
30 student loan was initiated.

1 Section 503. Information to students.

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

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

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

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

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

15 Section 504. Student borrower's right to know.

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

23 (1) Policies relating to deferment and forbearance.

24 (2) Loan default policies and penalties.

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

29 (b) Lists.--Using the data compiled under subsection (a),
30 the Department of Banking and Securities shall:

1 (1) Create and maintain a database of private lenders,
2 student loan interest rates, loan terms and repayment
3 options.

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

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

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

23 (1) The department.

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

26 (3) The agency.

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

28 (5) Each community college in this Commonwealth.

29 (6) Each private, nonprofit accredited institution of
30 higher education in this Commonwealth.

1 (7) Each technical school in this Commonwealth.

2 CHAPTER 7

3 HIGHER EDUCATION COST TRANSPARENCY AND FINANCIAL LITERACY

4 Section 701. Cost transparency.

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

9 (1) The total cost of attendance at the institution of
10 higher education.

11 (2) The approximate or, if known, the actual total
12 amount of financial aid that the student would receive from
13 the institution of higher education and the approximate or,
14 if known, the actual total amount of student loan debt that
15 the student would accumulate over the course of four years if
16 the student were to attend the institution of higher
17 education for four years.

18 (3) Student loan rates, repayment plans, default rates
19 and the actual monthly payment that would be required to pay
20 the student loan debt described in paragraph (2) when the
21 loan becomes due.

22 Section 702. Student borrower financial literacy.

23 (a) Applicability.--This section applies to any student loan
24 offered by an institution of higher education or a private
25 lender or recommended to a student by an institution of higher
26 education, other than a federally funded, federally insured or
27 federally guaranteed loan for which counseling is required by
28 section 485 of the Higher Education Act of 1965 (20 U.S.C. §
29 1092).

30 (b) Pre-loan counseling.--Before a student enters into a

1 student loan agreement, an institution of higher education or a
2 private lender shall provide the student with comprehensive
3 information on the terms and conditions of the loan and the
4 responsibilities of the student with respect to the loan. The
5 institution of higher education or private lender must provide
6 the information to the student during a counseling session
7 conducted in person, on a written form provided to the student
8 that the student signs and returns, or online, with the student
9 acknowledging receipt of the information. The information
10 provided shall include all of the following:

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

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

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

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

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

28 (6) A good faith estimate of the student's projected
29 loan debt-to-income ratio upon graduation, calculated using
30 all of the following:

1 (i) The best available date on starting wages for
2 the student's program of study, if available.

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

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

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

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

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

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

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

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

30 (13) Whether the student has reached the limit on the

1 student's Federal and State student loan opportunities.

2 (14) The name of, and contact information for, an
3 individual the student may contact if the student has any
4 questions about the student's rights and responsibilities or
5 the terms and conditions of the loan.

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

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

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

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

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

1 of the following:

2 (i) Whether the rate is fixed or variable.

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

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

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

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

18 (3) In addition to the prohibitions on issuing funds
19 under section 501, a private lender may not accept a final
20 and complete application for a private student loan from an
21 applicant, or assess any fees upon an applicant, without
22 first receiving certification from the applicant's
23 institution of higher education that the applicant has
24 received counseling from the institution under subsection (b)
25 and that the counseling was conducted in person, unless the
26 certification specified that the applicant elected to receive
27 the counseling in a manner other than in person. The
28 certification required under this paragraph shall be signed
29 by the applicant and the institutional counselor and shall
30 include the date of the counseling and the name, address and

1 telephone number of both the counselor and the applicant. An
2 electronic facsimile copy of the counseling certification
3 satisfies the requirement of this paragraph. The private
4 lender shall maintain the certification in an accurate,
5 reproducible and accessible format for the term of the
6 student loan.

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

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

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

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

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

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

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

29 (7) The borrower benefit programs of the borrower's
30 lenders.

1 (8) The tax benefits that may be available to borrowers.

2 (9) How to enroll in income-based repayment.

3 (e) Counseling alternative.--With respect to a student who
4 leaves an institution of higher education without the knowledge
5 of the institution, the institution shall attempt to provide the
6 information described in subsection (d) to the student in
7 writing by mailing the information to the student at the address
8 on file with the institution of higher education.

9 (f) Fees.--An institution of higher education may assess a
10 reasonable fee on each private student loan to the private
11 lender to defray the cost of counseling under this section in an
12 amount not exceeding \$50. The agency and the Department of
13 Banking and Securities shall jointly promulgate rules to
14 implement and administer this subsection.

15 (g) Definition.--As used in subsection (b), the term
16 "student" means a student who initiated an application for a
17 private student loan or on whose behalf an application for a
18 private student loan was initiated.

19 CHAPTER 9

20 STUDENT LOAN OMBUDSMAN

21 Section 901. Student loan ombudsman.

22 (a) Designation of ombudsman.--Within 90 days of the
23 effective date of this section, the secretary shall designate an
24 individual to serve as the ombudsman who shall be responsible
25 for providing assistance to student loan borrowers.

26 (b) Powers and duties.--The ombudsman shall have the
27 following powers and duties:

28 (1) To receive, review and attempt to resolve any
29 complaints from student loan borrowers, including, but not
30 limited to, attempts to resolve complaints in collaboration

1 with institutions of higher education, private lenders,
2 student loan servicers and any other participants in student
3 loan lending.

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

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

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

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

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

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

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

29 (c) Form.--The department shall develop any forms necessary
30 to implement this chapter. All forms shall be posted on the

1 department's publicly accessible Internet website.

2 Section 902. Education and outreach.

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

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

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

17 (1) Key loan terms.

18 (2) Documentation requirements.

19 (3) Repayment obligations.

20 (4) Repayment options, including income-based or income-
21 driven repayment and loan forgiveness.

22 (5) Disclosure requirements.

23 CHAPTER 11

24 EMPLOYER-PROVIDED HIGHER EDUCATION ASSISTANCE

25 Section 1101. Scope of chapter.

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

29 Section 1102. Employer matching contributions to employee-owned
30 tuition account program.

1 (a) Matching contribution authorized.--Notwithstanding any
2 provision of law to the contrary, beginning January 1, 2022, a
3 Pennsylvania employer may make a qualifying higher education
4 contribution to the account of an employee who is an account
5 owner as an employee benefit.

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

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

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

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

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

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

1 "Beneficiary." As defined in section 302 of the Tuition
2 Account Programs and College Savings Bond Act.
3 Section 1103. Employer qualifying student loan payments.

4 (a) Qualifying student loan payments authorized.--
5 Notwithstanding any provision of law to the contrary, beginning
6 January 1, 2022, a Pennsylvania employer may make qualifying
7 student loan payments on behalf of an employee as an employee
8 benefit. Payments shall be made directly to the entity that
9 holds the student loan debt of the employee.

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

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

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

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

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

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

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

1 (d) Limitation.--The exemption from taxation in subsection
2 (c) shall be limited to \$2,400 for each taxable year in which
3 payments are made.

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

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

12 (a) Unused paid time off transfer authorized.--
13 Notwithstanding any provision of law to the contrary, beginning
14 January 1, 2022, a Pennsylvania employer that offers its
15 employees paid time off may, in lieu of carrying the unused paid
16 time off into the next year, allow the employee to convert up to
17 five days of unused paid time off at the end of each calendar
18 year into a qualifying student loan payment to be made by the
19 employer on behalf of the employee. The amount of the payment
20 shall be the product of the employees hourly wage rate
21 multiplied by eight hours a day.

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

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

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

29 (3) Ensure that the program is nondiscriminatory in
30 application. The fact that an employee does not hold student

1 loan debt shall not be the basis of a claim of discriminatory
2 application of the program.

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

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

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

17 CHAPTER 13

18 STUDENT LOAN REFINANCING PROGRAM

19 Section 1301. Scope of chapter.

20 This chapter relates to providing financial relief to
21 Commonwealth residents carrying student loan debt.

22 Section 1302. Definitions.

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

26 "Bond." Bonds, notes and other evidences of indebtedness
27 issued or to be issued pursuant to this chapter.

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

30 Section 1303. Student Loan Refinancing Program.

1 (a) Establishment.--There is hereby authorized a program to
2 be known as the Student Loan Refinancing Program.

3 (b) Purpose.--The purpose of the program is to ease the
4 financial burden on residents of this Commonwealth who have
5 existing student loan debt by refinancing that debt in order to
6 reduce interest rates and total repayment amounts.

7 (c) Administration.--The board of directors of the agency
8 shall have the authority to administer the program in accordance
9 with the provisions of the act of August 7, 1963 (P.L.549,
10 No.290), referred to as the Pennsylvania Higher Education
11 Assistance Agency Act, as follows:

12 (1) Only residents of this Commonwealth shall be
13 eligible to participate in the program.

14 (2) The maximum amount an individual may refinance
15 through the program shall be \$150,000.

16 (3) Except as provided under subparagraph (4), the
17 agency may not charge an interest rate in excess of 4% per
18 annum.

19 (4) The agency may charge an interest rate in excess of
20 4% per annum but not to exceed 10% if necessary to cover the
21 actual costs associated with administering the program.

22 (5) The agency shall, at a minimum, offer student loan
23 repayment options of 10 years, 15 years and 20 years.

24 (6) The agency may set as many repayment options as the
25 agency deems appropriate to effectively administer the
26 program. No repayment option may exceed 40% of a
27 participant's debt-to-income ratio.

28 Section 1304. Bond issuance.

29 (a) Issuance.--Notwithstanding any other provision of law,
30 the board of directors of the agency shall have the authority to

1 establish and shall establish a program to issue bonds for the
2 purpose of funding the program.

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

4 (1) Bonds shall not be a debt or liability of the agency
5 or the Commonwealth and shall not create or constitute any
6 indebtedness, liability or obligation of the agency or the
7 Commonwealth.

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

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

13 (i) The bonds are limited obligations of the agency.

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

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

21 Section 1305. Bond limitations.

22 (a) Limitation.--The agency may issue bonds in an aggregate
23 principal amount not to exceed \$1,000,000,000 provided that the
24 amount of debt incurred may not exceed \$250,000,000 in any
25 fiscal year. The agency shall determine the principal amounts of
26 taxable and tax-exempt bonds to be issued for the program. The
27 board of directors of the agency shall, in its discretion,
28 determine if one bond or multiple bonds will be issued at one
29 time or from time to time and in one or more issues, series or
30 classes.

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

9 Section 1306. Deposit of bond proceeds.

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

23 CHAPTER 15

24 STUDENT LOAN DEBT TAX CREDIT

25 Section 1501. Definitions.

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

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

30 "Eligible student loan payment." The amount the qualified

1 taxpayer paid during the taxable year in principal and interest
2 on student loans.

3 "Qualified tax liability." The liability for taxes imposed
4 under Article III of the act of March 4, 1971 (P.L.6, No.2),
5 known as the Tax Reform Code of 1971, for the taxable years
6 beginning after December 31, 2018.

7 "Tax credit." The student loan debt tax credit provided
8 under this chapter.

9 "Taxpayer." A resident individual of this Commonwealth who:

10 (1) holds one or more student loans;

11 (2) is not currently delinquent or in default on any
12 student loans; and

13 (3) made eligible student loan payments in the taxable
14 year for which the tax credit is sought.

15 Section 1502. Application for tax credit.

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

20 Section 1503. Maximum credit.

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

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

26 (c) Limitation on credits.--In no case shall the aggregate
27 amount of tax credits awarded in any fiscal year exceed
28 \$10,000,000.

29 Section 1504. Refund and carryback.

30 (a) Refund.--If a taxpayer cannot use the entire amount of

1 the tax credit for the taxable year when the taxpayer is
2 eligible for the credit, the taxpayer may claim a refund of the
3 excess amount.

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

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

10 Section 1505. Outreach and marketing.

11 The department shall establish and implement by January 1,
12 2022, an outreach and marketing plan to make taxpayers aware of
13 the availability of the tax credit.

14 Section 1506. Guidelines.

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

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

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

23 CHAPTER 17

24 EMPLOYER INCENTIVE FOR HIGHER EDUCATION

25 Assistance TAX CREDIT

26 Section 1701. Definitions.

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

30 "Business firm." An entity authorized to do business in this

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

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

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

7 (1) A partnership as defined in section 301(n.0) of the
8 Tax Reform Code of 1971.

9 (2) A Pennsylvania S corporation as defined in section
10 301(n.1) of the Tax Reform Code of 1971.

11 "Qualified tax liability." The liability for taxes imposed
12 under Article III, IV, VI, VII or IX of the Tax Reform Code of
13 1971. The term shall not include any tax withheld by an employer
14 from an employee under Article III of the Tax Reform Code of
15 1971.

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

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

21 Section 1702. Application for tax credits.

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

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

30 (c) Qualification.--In order to qualify for a tax credit, a

1 business firm must include information on the business firm's
2 application documentation verifying the total qualified
3 employer-provided higher education assistance payments made in
4 the taxable year that ended in the prior calendar year.

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

7 (a) Carryover.--

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

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

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

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

30 Section 1704. Availability of tax credits.

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

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

6 Section 1705. Penalties.

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

11 CHAPTER 31

12 MISCELLANEOUS PROVISIONS

13 Section 3101. Effective date.

14 This act shall take effect in 60 days.