
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 30 Session of 2023

INTRODUCED BY HUGHES, MUTH, L. WILLIAMS, FONTANA, BREWSTER,
DILLON, KANE, TARTAGLIONE, SANTARSIERO, KEARNEY, COMMITTA,
CAPPELLETTI AND COSTA, JANUARY 18, 2023

REFERRED TO EDUCATION, JANUARY 18, 2023

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.

17 TABLE OF CONTENTS

18 Chapter 1. General Provisions
19 Section 101. Short title.
20 Section 102. Definitions.
21 Chapter 3. Student Debt Data Collection
22 Section 301. Scope of chapter.
23 Section 302. Student loan debt data collection.
24 Section 303. Data analysis and report.

1 Chapter 5. Private Student Loan Protections
2 Section 501. Prerequisite for private student loan issuance.
3 Section 502. Duties of institution of higher education.
4 Section 503. Information to students.
5 Section 504. Student borrower's right to know.
6 Chapter 7. Higher Education Cost Transparency and Financial
7 Literacy
8 Section 701. Cost transparency.
9 Section 702. Student borrower financial literacy.
10 Chapter 9. Student Loan Ombudsman
11 Section 901. Student loan ombudsman.
12 Section 902. Education and outreach.
13 Chapter 11. Employer-Provided Higher Education Assistance
14 Section 1101. Scope of chapter.
15 Section 1102. Employer matching contributions to employee-owned
16 tuition account program.
17 Section 1103. Employer qualifying student loan payments.
18 Section 1104. Transfer of employee unused paid time off for
19 student loan payments.
20 Chapter 13. Student Loan Refinancing Program
21 Section 1301. Scope of chapter.
22 Section 1302. Definitions.
23 Section 1303. Student Loan Refinancing Program.
24 Section 1304. Bond issuance.
25 Section 1305. Bond limitations.
26 Section 1306. Deposit of bond proceeds.
27 Chapter 15. Student Loan Debt Tax Credit
28 Section 1501. Definitions.
29 Section 1502. Application for tax credit.
30 Section 1503. Maximum credit.

1 Section 1504. Refund and carryback.
2 Section 1505. Outreach and marketing.
3 Section 1506. Guidelines.
4 Chapter 17. Employer Incentive for Higher Education Assistance
5 Tax Credit
6 Section 1701. Definitions.
7 Section 1702. Application for tax credits.
8 Section 1703. Carryover, carryback and assignment of tax
9 credits.
10 Section 1704. Availability of tax credits.
11 Section 1705. Penalties.
12 Chapter 31. Miscellaneous Provisions
13 Section 3101. Effective date.

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 (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 (20 U.S.C. § 108711).

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

4 "Financial institution." Any of the following:

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

6 (2) A building and loan association.

7 (3) A mutual savings bank.

8 (4) A bank and trust company.

9 (5) A savings bank.

10 (6) A savings and loan association.

11 (7) A trust company.

12 (8) A credit union.

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

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

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

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

24 (4) The Thaddeus Stevens College of Technology.

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

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

1 and qualifications prescribed by the State Board of Education
2 under 24 Pa.C.S. Ch. 65 (relating to private colleges,
3 universities and seminaries).

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

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

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

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

18 "Private lender." Any of the following:

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

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

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

1 transaction, a residential mortgage transaction or any other
2 loan that is secured by real property or a dwelling.

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

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

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

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

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

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

21 CHAPTER 3

22 STUDENT DEBT DATA COLLECTION

23 Section 301. Scope of chapter.

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

26 Section 302. Student loan debt data collection.

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

29 (1) The Board of Governors of the State System of Higher
30 Education shall provide the average amount of student loan

1 debt incurred in the previous school year by resident
2 undergraduate students enrolled at each institution within
3 the system.

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

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

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

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

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

27 Section 303. Data analysis and report.

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

30 (1) Compile the information provided under section 302

1 and, from that information, compute the Statewide average
2 amount of student loan debt incurred in the previous school
3 year by resident undergraduate students enrolled at the
4 institutions specified in section 302.

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

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

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

24 CHAPTER 5

25 PRIVATE STUDENT LOAN PROTECTIONS

26 Section 501. Prerequisite for private student loan issuance.

27 (a) Institutional certification required.--Except as
28 provided in subsection (b), before a private lender may issue
29 any money with respect to a private student loan, the private
30 lender shall obtain from the institution of higher education

1 where the loan is to be used by a student, the institution's
2 certification of:

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

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

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

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

28 (d) Annual report.--A private lender that issues a private
29 student loan shall prepare and submit an annual report to the
30 Department of Banking and Securities and the department. The

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

4 Section 502. Duties of institution of higher education.

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

9 (1) provide certification to the private lender:

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

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

16 (iii) of the difference between:

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

18 and

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

22 or

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

28 (b) Duties in connection with certification request.--Upon
29 receipt of a certification request described in section 501, and
30 prior to providing the certification, the institution of higher

1 education shall:

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

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

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

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

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

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

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

30 Section 503. Information to students.

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

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

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

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

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

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

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

22 (1) Policies relating to deferment and forbearance.

23 (2) Loan default policies and penalties.

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

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

30 (1) Create and maintain a database of private lenders,

1 student loan interest rates, loan terms and repayment
2 options.

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

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

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

22 (1) The department.

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

25 (3) The agency.

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

27 (5) Each community college in this Commonwealth.

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

30 (7) Each technical school in this Commonwealth.

1 CHAPTER 7

2 HIGHER EDUCATION COST TRANSPARENCY AND FINANCIAL LITERACY

3 Section 701. Cost transparency.

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

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

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

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

21 Section 702. Student borrower financial literacy.

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

29 (b) Pre-loan counseling.--Before a student enters into a
30 student loan agreement, an institution of higher education or a

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

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

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

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

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

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

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

30 (i) The best available date on starting wages for

1 the student's program of study, if available.

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

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

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

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

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

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

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

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

29 (13) Whether the student has reached the limit on the
30 student's Federal and State student loan opportunities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 CHAPTER 9

19 STUDENT LOAN OMBUDSMAN

20 Section 901. Student loan ombudsman.

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

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

27 (1) To receive, review and attempt to resolve any
28 complaints from student loan borrowers, including, but not
29 limited to, attempts to resolve complaints in collaboration
30 with institutions of higher education, private lenders,

1 student loan servicers and any other participants in student
2 loan lending.

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

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

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

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

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

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

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

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

1 Section 902. Education and outreach.

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

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

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

- 16 (1) Key loan terms.
- 17 (2) Documentation requirements.
- 18 (3) Repayment obligations.
- 19 (4) Repayment options, including income-based or income-
20 driven repayment and loan forgiveness.
- 21 (5) Disclosure requirements.

22 CHAPTER 11

23 EMPLOYER-PROVIDED HIGHER EDUCATION ASSISTANCE

24 Section 1101. Scope of chapter.

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

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

30 (a) Matching contribution authorized.--Notwithstanding any

1 provision of law to the contrary, beginning for tax year 2023, a
2 Pennsylvania employer may make a qualifying higher education
3 contribution to the account of an employee who is an account
4 owner as an employee benefit.

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

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

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

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

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

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

30 "Beneficiary." As defined in section 302 of the Tuition

1 Account Programs and College Savings Bond Act.

2 Section 1103. Employer qualifying student loan payments.

3 (a) Qualifying student loan payments authorized.--

4 Notwithstanding any provision of law to the contrary, beginning
5 for tax year 2023, a Pennsylvania employer may make qualifying
6 student loan payments on behalf of an employee as an employee
7 benefit. Payments shall be made directly to the entity that
8 holds the student loan debt of the employee.

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

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

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

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

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

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

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

30 (d) Limitation.--The exemption from taxation in subsection

1 (c) shall be limited to \$2,400 for each taxable year in which
2 payments are made.

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

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

11 (a) Unused paid time off transfer authorized.--
12 Notwithstanding any provision of law to the contrary, beginning
13 for tax year 2023, a Pennsylvania employer that offers its
14 employees paid time off may, in lieu of carrying the unused paid
15 time off into the next year, allow the employee to convert up to
16 five days of unused paid time off at the end of each calendar
17 year into a qualifying student loan payment to be made by the
18 employer on behalf of the employee. The amount of the payment
19 shall be the product of the employees hourly wage rate
20 multiplied by eight hours a day.

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

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

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

28 (3) Ensure that the program is nondiscriminatory in
29 application. The fact that an employee does not hold student
30 loan debt shall not be the basis of a claim of discriminatory

1 application of the program.

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

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

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

16 CHAPTER 13

17 STUDENT LOAN REFINANCING PROGRAM

18 Section 1301. Scope of chapter.

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

21 Section 1302. Definitions.

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

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

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

29 Section 1303. Student Loan Refinancing Program.

30 (a) Establishment.--There is hereby authorized a program to

1 be known as the Student Loan Refinancing Program.

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

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

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

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

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

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

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

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

27 Section 1304. Bond issuance.

28 (a) Issuance.--Notwithstanding any other provision of law,
29 the board of directors of the agency shall have the authority to
30 establish and shall establish a program to issue bonds for the

1 purpose of funding the program.

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

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

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

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

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

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

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

20 Section 1305. Bond limitations.

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

30 (b) Debt service.--The agency shall annually notify the

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

8 Section 1306. Deposit of bond proceeds.

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

22 CHAPTER 15

23 STUDENT LOAN DEBT TAX CREDIT

24 Section 1501. Definitions.

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

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

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

1 on student loans.

2 "Qualified tax liability." The liability for taxes imposed
3 under Article III of the act of March 4, 1971 (P.L.6, No.2),
4 known as the Tax Reform Code of 1971, for the taxable years
5 beginning after December 31, 2022.

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

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

9 (1) holds one or more student loans;

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

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

14 Section 1502. Application for tax credit.

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

19 Section 1503. Maximum credit.

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

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

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

28 Section 1504. Refund and carryback.

29 (a) Refund.--If a taxpayer cannot use the entire amount of
30 the tax credit for the taxable year when the taxpayer is

1 eligible for the credit, the taxpayer may claim a refund of the
2 excess amount.

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

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

9 Section 1505. Outreach and marketing.

10 The department shall establish and implement for tax year
11 2023, an outreach and marketing plan to make taxpayers aware of
12 the availability of the tax credit.

13 Section 1506. Guidelines.

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

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

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

22 CHAPTER 17

23 EMPLOYER INCENTIVE FOR HIGHER EDUCATION

24 ASSISTANCE TAX CREDIT

25 Section 1701. 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 "Business firm." An entity authorized to do business in this
30 Commonwealth and subject to taxes imposed under Article III, IV,

1 VI, VII, VIII, IX or XV of the act of March 4, 1971 (P.L.6,
2 No.2), known as the Tax Reform Code of 1971. The term includes a
3 pass-through entity.

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

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

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

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

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

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

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

20 Section 1702. Application for tax credits.

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

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

29 (c) Qualification.--In order to qualify for a tax credit, a
30 business firm must include information on the business firm's

1 application documentation verifying the total qualified
2 employer-provided higher education assistance payments made in
3 the taxable year that ended in the prior calendar year.

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

6 (a) Carryover.--

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

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

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

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

29 Section 1704. Availability of tax credits.

30 (a) Aggregate amount.--The aggregate amount of tax credits

1 awarded in a fiscal year may not exceed \$5,000,000.

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

5 Section 1705. Penalties.

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

10 CHAPTER 31

11 MISCELLANEOUS PROVISIONS

12 Section 3101. Effective date.

13 This act shall take effect in 60 days.