

# ASSEMBLY, No. 5304

## STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED JANUARY 27, 2021

**Sponsored by:**

**Assemblyman GARY S. SCHAER**

**District 36 (Bergen and Passaic)**

**Assemblyman DANIEL R. BENSON**

**District 14 (Mercer and Middlesex)**

**Assemblyman ANTHONY S. VERRELLI**

**District 15 (Hunterdon and Mercer)**

**SYNOPSIS**

Permits cosigners to student loans under New Jersey College Loans to Assist State Students (NJCLASS) Loan Program to make payments on loans; allows gross income tax deduction for certain payments under NJCLASS Loan Program.

**CURRENT VERSION OF TEXT**

As introduced.



(Sponsorship Updated As Of: 2/22/2021)

1 AN ACT concerning the New Jersey College Loans to Assist State  
2 Students Loan Program and supplementing Title 18A and Title  
3 54A of the New Jersey Statutes.

4  
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
6 *of New Jersey:*

7  
8 1. a. Notwithstanding the provisions of any law, rule, or  
9 regulation to the contrary, the Higher Education Student Assistance  
10 Authority shall permit a cosigner to a student loan in repayment  
11 status under the New Jersey College Loans to Assist State Students  
12 Loan Program to make payments on the loan in amounts to be  
13 determined by the cosigner. Payments made by a cosigner pursuant  
14 to this subsection shall be made voluntarily and in addition to any  
15 other amounts paid by the borrower of the loan.

16 b. The executive director of the authority, in consultation with  
17 the Director of the Division of Taxation, shall promulgate  
18 procedures and forms by which cosigners may certify payments  
19 made pursuant to this section and determine eligibility for a tax  
20 deduction pursuant to section 2 of P.L. , c. (C. )(pending  
21 before the Legislature as this bill).

22  
23 2. a. (1) A taxpayer with gross income of \$80,000 or less shall  
24 be allowed to deduct from gross income an amount equal to the  
25 amount of the taxpayer's payments made during the taxable year  
26 pursuant to subsection a. of section 1 of P.L. , c. (C. )  
27 (pending before the Legislature as this bill).

28 (2) A taxpayer with gross income of more than \$80,000 shall be  
29 allowed to deduct from gross income an amount equal to 50 percent  
30 of the amount of the taxpayer's payments made during the taxable  
31 year pursuant to subsection a. of section 1 of P.L. , c. (C. )  
32 (pending before the Legislature as this bill).

33 b. (1) A taxpayer with gross income of \$80,000 or less, who is  
34 the borrower of a student loan under the New Jersey College Loans  
35 to Assist State Students Loan Program established pursuant to  
36 N.J.S.18A:71C-21, shall be allowed to deduct from gross income an  
37 amount equal to the interest that the taxpayer paid on the student  
38 loan during the taxable year.

39 (2) A taxpayer with gross income of more than \$80,000, who is  
40 the borrower of a student loan under the New Jersey College Loans  
41 to Assist State Students Loan Program established pursuant to  
42 N.J.S.18A:71C-21, shall be allowed to deduct from gross income an  
43 amount equal to 50 percent of the interest that the taxpayer paid on  
44 the student loan during the taxable year.

45  
46 3. The Executive Director of the Higher Education Student  
47 Assistance Authority shall, in accordance with the "Administrative  
48 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), adopt any

1 rules and regulations as the executive director deems necessary to  
2 carry out the provisions of section 1 of P.L. , c. (C. ) (pending  
3 before the Legislature as this bill). The Director of the Division of  
4 Taxation in the Department of the Treasury shall, in accordance  
5 with the “Administrative Procedure Act,” P.L.1968, c.410  
6 (C.52:14B-1 et seq.), adopt any rules and regulations as the director  
7 deems necessary to implement section 2 of P.L. , c. (C. )  
8 (pending before the Legislature as this bill).

9  
10 4. This act shall take effect immediately and shall apply to  
11 taxable years beginning on or after January 1 next following the  
12 date of enactment.

#### 13 14 15 STATEMENT

16  
17 This bill provides tax relief to cosigners and borrowers of student  
18 loans under the New Jersey College Loans to Assist State Students  
19 (NJCLASS) Loan Program.

20 Specifically, under the bill, the Higher Education Student  
21 Assistance Authority (HESAA) is required to permit a cosigner to a  
22 student loan in repayment status under the NJCLASS Loan Program  
23 to make payments on the loan in amounts to be determined by the  
24 cosigner. Payments made by a cosigner would be made voluntarily  
25 and in addition to any other amounts paid by the borrower of the  
26 loan.

27 A cosigner making voluntary payments authorized under the bill  
28 would be eligible for a tax deduction. A taxpayer with gross  
29 income of \$80,000 or less would be allowed to deduct an amount  
30 equal to the full amount of the taxpayer’s payments on the  
31 NJCLASS loan. A taxpayer with gross income of more than  
32 \$80,000 would be allowed to deduct an amount equal to 50 percent  
33 of the payments.

34 In addition, the bill would allow a taxpayer with gross income of  
35 \$80,000 or less, who is the borrower of a student loan under the  
36 NJCLASS Loan Program, to deduct from gross income an amount  
37 equal to the interest paid on the student loan during the taxable  
38 year. A taxpayer with gross income of more than \$80,000 would be  
39 allowed to deduct an amount equal to 50 percent of the interest paid  
40 on the student loan during the taxable year.