

114TH CONGRESS
2D SESSION

S. _____

To amend the Internal Revenue Code of 1986 to provide an exclusion from income for student loan forgiveness for students in certain income-based or income-contingent repayment programs who have completed payment obligations, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. MENENDEZ introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to provide an exclusion from income for student loan forgiveness for students in certain income-based or income-contingent repayment programs who have completed payment obligations, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Student Loan Tax Re-
5 lief Act”.

1 **SEC. 2. CERTAIN STUDENT LOANS THE REPAYMENT OF**
2 **WHICH IS INCOME CONTINGENT OR INCOME-**
3 **BASED.**

4 (a) IN GENERAL.—Paragraph (1) of section 108(f)
5 of the Internal Revenue Code of 1986 is amended by strik-
6 ing “any student loan if” and all that follows and inserting
7 “any student loan if—

8 “(A) such discharge was pursuant to a
9 provision of such loan under which all or part
10 of the indebtedness of the individual would be
11 discharged if the individual worked for a certain
12 period of time in certain professions for any of
13 a broad class of employers, or

14 “(B) such discharge was pursuant to sec-
15 tion 455(e) or section 493C(b)(7) of the Higher
16 Education Act of 1965 (relating to income con-
17 tingent and income-based repayment).”.

18 (b) CONFORMING AMENDMENT.—Section 108(f)(3)
19 of the Internal Revenue Code of 1986 is amended by strik-
20 ing “paragraph (1)” and inserting “paragraph (1)(A)”.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to discharges of loans after Decem-
23 ber 31, 2016.

1 **SEC. 3. STUDENT LOANS DISCHARGED ON ACCOUNT OF**
2 **DEATH OR DISABILITY.**

3 (a) IN GENERAL.—Paragraph (1) of section 108(f)
4 of the Internal Revenue Code of 1986, as amended by sec-
5 tion 2, is amended by striking “or” at the end of subpara-
6 graph (A), by striking the period at the end of subpara-
7 graph (B) and inserting “, or”, and by adding at the end
8 the following new subparagraph:

9 “(C) such discharge was on account of the
10 death or total and permanent disability of the
11 student.”.

12 (b) EFFECTIVE DATE.—The amendment made by
13 subsection (a) shall apply to discharges of loans after De-
14 cember 31, 2016.

15 **SEC. 4. STUDENT LOANS DISCHARGED PURSUANT TO AP-**
16 **PROVED DEFENSES AND INSTITUTIONAL**
17 **CLOSURES.**

18 (a) DISCHARGES PURSUANT TO CERTAIN DE-
19 FENSES.—Paragraph (1) of section 108(f) of the Internal
20 Revenue Code of 1986, as amended by sections 2 and 3,
21 is amended by striking “or” at the end of subparagraph
22 (B), by striking the period at the end of subparagraph
23 (C) and inserting a comma, and by adding at the end the
24 following new subparagraphs:

25 “(D) such discharge was by reason of a de-
26 fense asserted pursuant to section 455(h) of the

1 Higher Education Act of 1965 (20 U.S.C.
2 1087e(h)), or

3 “(E) such discharge was pursuant to an
4 agreement with the Consumer Financial Protec-
5 tion Bureau or any other Federal agency in
6 connection with the closure (or other agency ac-
7 tion) relating to the educational organization
8 attended by the individual (or a successor orga-
9 nization).”.

10 (b) EFFECTIVE DATE.—The amendments made by
11 this section shall apply with respect to any discharges of
12 indebtedness after June 12, 2014.