

108TH CONGRESS
2D SESSION

H. R. 5186

IN THE SENATE OF THE UNITED STATES

OCTOBER 7, 2004

Received

AN ACT

To reduce certain special allowance payments and provide additional teacher loan forgiveness on Federal student loans.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Taxpayer-Teacher Pro-
3 tection Act of 2004”.

4 **SEC. 2. REDUCTION OF SPECIAL ALLOWANCE PAYMENTS**
5 **FOR LOANS FROM THE PROCEEDS OF TAX EX-**
6 **EMPT ISSUES.**

7 Section 438(b)(2)(B) (20 U.S.C. 1087–1(b)(2)(B)) is
8 amended—

9 (1) in clause (i), by striking “this division” and
10 inserting “this clause”;

11 (2) in clause (ii), by striking “division (i) of this
12 subparagraph” and inserting “clause (i) of this sub-
13 paragraph”;

14 (3) in clause (iv), by inserting “or refunded
15 after September 30, 2004, and before January 1,
16 2006,” after “October 1, 1993,”; and

17 (4) by adding at the end the following new
18 clause:

19 “(v) Notwithstanding clauses (i) and (ii), the
20 quarterly rate of the special allowance shall be the
21 rate determined under subparagraph (A), (E), (F),
22 (G), (H), or (I) of this paragraph, or paragraph (4),
23 as the case may be, for a holder of loans that—

24 “(I) were made or purchased with funds—

25 “(aa) obtained from the issuance of
26 obligations the income from which is ex-

1 cluded from gross income under the Inter-
2 nal Revenue Code of 1986 and which obli-
3 gations were originally issued before Octo-
4 ber 1, 1993; or

5 “(bb) obtained from collections or de-
6 fault reimbursements on, or interest or
7 other income pertaining to, eligible loans
8 made or purchased with funds described in
9 division (aa), or from income on the invest-
10 ment of such funds; and

11 “(II) are—

12 “(aa) financed by such an obligation
13 that, after September 30, 2004, and before
14 January 1, 2006, has matured or been re-
15 tired or defeased;

16 “(bb) refinanced after September 30,
17 2004, and before January 1, 2006, with
18 funds obtained from a source other than
19 funds described in subclause (I) of this
20 clause; or

21 “(cc) sold or transferred to any other
22 holder after September 30, 2004, and be-
23 fore January 1, 2006.”.

1 **SEC. 3. LOAN FORGIVENESS FOR TEACHERS.**

2 (a) IMPLEMENTING HIGHLY QUALIFIED TEACHER
3 REQUIREMENTS.—

4 (1) AMENDMENTS.—

5 (A) FFEL LOANS.—Section 428J(b)(1) of
6 the Higher Education Act of 1965 (20 U.S.C.
7 1078–10(b)(1)) is amended—

8 (i) in subparagraph (A), by inserting
9 “and” after the semicolon; and

10 (ii) by striking subparagraphs (B) and
11 (C) and inserting the following:

12 “(B) if employed as an elementary school
13 or secondary school teacher, is highly qualified
14 as defined in section 9101 of the Elementary
15 Secondary Education Act of 1965; and”.

16 (B) DIRECT LOANS.—Section 460(b)(1)(A)
17 of such Act (20 U.S.C. 1087j(b)(1)(A)) is
18 amended—

19 (i) in clause (i), by inserting “and”
20 after the semicolon; and

21 (ii) by striking clauses (ii) and (iii)
22 and inserting the following:

23 “(ii) if employed as an elementary
24 school or secondary school teacher, is high-
25 ly qualified as defined in section 9101 of

1 the Elementary and Secondary Education
2 Act of 1965; and”.

3 (2) TRANSITION RULE.—

4 (A) RULE.—The amendments made by
5 paragraph (1) of this subsection to sections
6 428J(b)(1) and 460(b)(1)(A) of the Higher
7 Education Act of 1965 shall not be applied to
8 disqualify any individual who, before the date of
9 enactment of this Act, commenced service that
10 met and continues to meet the requirements of
11 such sections as such sections were in effect on
12 the day before the date of enactment of this
13 Act.

14 (B) RULE NOT APPLICABLE TO INCREASED
15 QUALIFIED LOAN AMOUNTS.—Subparagraph
16 (A) of this paragraph shall not apply for pur-
17 poses of obtaining increased qualified loan
18 amounts under sections 428J(c)(3) and
19 460(c)(3) of the Higher Education Act of 1965
20 as added by subsection (b) of this section.

21 (b) ADDITIONAL AMOUNTS ELIGIBLE TO BE RE-
22 PAID.—

23 (1) FFEL LOANS.—Section 428J(c) of the
24 Higher Education Act of 1965 (20 U.S.C. 1078–

1 10(c)) is amended by adding at the end the fol-
2 lowing:

3 “(3) ADDITIONAL AMOUNTS FOR TEACHERS IN
4 MATHEMATICS, SCIENCE, OR SPECIAL EDUCATION.—
5 Notwithstanding the amount specified in paragraph
6 (1), the aggregate amount that the Secretary shall
7 repay under this section shall be not more than
8 \$17,500 in the case of—

9 “(A) a secondary school teacher—

10 “(i) who meets the requirements of
11 subsection (b); and

12 “(ii) whose qualifying employment for
13 purposes of such subsection is teaching
14 mathematics or science on a full-time
15 basis; and

16 “(B) an elementary school or secondary
17 school teacher—

18 “(i) who meets the requirements of
19 subsection (b);

20 “(ii) whose qualifying employment for
21 purposes of such subsection is as a special
22 education teacher whose primary responsi-
23 bility is to provide special education to
24 children with disabilities (as those terms

are defined in section 602 of the Individuals with Disabilities Education Act); and

“(iii) who, as certified by the chief administrative officer of the public or non-profit private elementary school or secondary school in which the borrower is employed, is teaching children with disabilities that correspond with the borrower’s special education training and has demonstrated knowledge and teaching skills in the content areas of the elementary school or secondary school curriculum that the borrower is teaching.”.

(2) DIRECT LOANS.—Section 460(c) of the Higher Education Act of 1965 (20 U.S.C. 1087j(c)) is amended by adding at the end the following:

“(3) ADDITIONAL AMOUNTS FOR TEACHERS IN MATHEMATICS, SCIENCE, OR SPECIAL EDUCATION.—Notwithstanding the amount specified in paragraph (1), the aggregate amount that the Secretary shall cancel under this section shall be not more than \$17,500 in the case of—

“(A) a secondary school teacher—

“(i) who meets the requirements of subsection (b)(1); and

1 “(ii) whose qualifying employment for
2 purposes of such subsection is teaching
3 mathematics or science on a full-time
4 basis; and

5 “(B) an elementary school or secondary
6 school teacher—

7 “(i) who meets the requirements of
8 subsection (b)(1);

9 “(ii) whose qualifying employment for
10 purposes of such subsection is as a special
11 education teacher whose primary responsi-
12 bility is to provide special education to
13 children with disabilities (as those terms
14 are defined in section 602 of the Individ-
15 uals with Disabilities Education Act); and

16 “(iii) who, as certified by the chief ad-
17 ministrative officer of the public or non-
18 profit private elementary school or sec-
19 ondary school in which the borrower is em-
20 ployed, is teaching children with disabilities
21 that correspond with the borrower’s special
22 education training and has demonstrated
23 knowledge and teaching skills in the con-
24 tent areas of the elementary school or sec-

1 ondary school curriculum that the bor-
2 rower is teaching.”.

3 (3) EFFECTIVE DATE.—The amendments made
4 by this subsection shall apply only with respect to el-
5 igible individuals who are new borrowers (as such
6 term is defined in 103 of the Higher Education Act
7 of 1965 (20 U.S.C. 1003)) on or after October 1,
8 1998, and before October 1, 2005.

9 (c) INFORMATION ON BENEFITS TO RURAL SCHOOL
10 DISTRICTS.—The Secretary shall—

11 (1) notify local educational agencies eligible to
12 participate in the Small Rural Achievement Program
13 authorized under subpart 1 of part B of title VI of
14 the Elementary and Secondary Education Act of
15 1965 of the benefits available under the amendments
16 made by this section; and

17 (2) encourage such agencies to notify their
18 teachers of such benefits.

 Passed the House of Representatives October 7,
2004.

Attest:

JEFF TRANDAHL,

Clerk.