S. 1373

To amend the Higher Education Act to improve higher education programs, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 19, 2015

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

A BILL

To amend the Higher Education Act to improve higher education programs, and for other purposes.

Be it enacted by the Senate and House of Representa-

tives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “College for All Act”.

TITLE I—FEDERAL-STATE PARTNERSHIP TO ELIMINATE TUITION

SEC. 101. GRANT PROGRAM TO ELIMINATE TUITION AND REQUIRED FEES AT PUBLIC INSTITUTIONS OF HIGHER EDUCATION.

(a) Program Authorized.—

(1) Grants Authorized.—From amounts appropriated under subsection (f), the Secretary of Education (referred to in this section as the “Secretary”) shall award grants, from allotments under subsection (b), to States having applications approved under subsection (d), to enable the States to eliminate tuition and required fees at public institutions of higher education.

(2) Matching Funds Requirement.—Each State that receives a grant under this section shall provide matching funds for a fiscal year in an amount that is equal to one half the amount received under this section for the fiscal year toward the cost of reducing the cost of attendance at public institutions of higher education in the State.

(b) Determination of Allotment.—

(1) Initial Allotment.—For fiscal year 2016, the Secretary shall allot to each eligible State
that submits an application under this section an amount that is equal to 67 percent of the total revenue received by the State’s public system of higher education in the form of tuition and related fees for fiscal year 2016. For each of fiscal years 2017 through 2019, the Secretary shall allot to each eligible State that submits an application under this section—

(A) an amount equal to the allotment the State received for fiscal year 2016, plus

(B) if the State provides additional funds toward the cost of reducing the cost of attendance at public institutions of higher education in the State for any of such fiscal years that is more than the matching funds requirement under subsection (a)(2), an amount equal to such additional funding provided by the State, which amount provided by the Secretary may be used for the activities described in subsection (e)(2).

(2) SUBSEQUENT ALLOTMENTS.—Beginning in fiscal year 2020, the Secretary shall determine the median allotment per full-time equivalent student made to all eligible States under this section for fiscal year 2019 and incrementally reduce allotments
made to States under this section such that by fiscal year 2025, no State receives an allotment under this section per full-time equivalent student that exceeds the median allotment per full-time equivalent student made under this section for fiscal year 2019.

(c) **State Eligibility Requirements.**—In order to be eligible to receive an allotment under this section for a fiscal year, a State shall—

(1) ensure that public institutions of higher education in the State maintain per-pupil expenditures on instruction at levels that meet or exceed the expenditures for the previous fiscal year;

(2) ensure that tuition and required fees for in-State undergraduate students in the State’s public higher education system are eliminated;

(3) maintain State operating expenditures for public institutions of higher education, excluding the amount of funds provided for a fiscal year under this section, at a level that meets or exceeds the level of such support for fiscal year 2015;

(4) maintain State expenditures on need-based financial aid programs for enrollment in public institutions of higher education in the State at a level that meets or exceeds the level of such support for fiscal year 2015;
(5) ensure public institutions of higher education in the State maintain funding for institutional need-based student financial aid in an amount that is equal to or exceeds the level of such funding for the previous fiscal year;

(6) provide an assurance that not later than 5 years after the date of enactment of this Act, not less than 75 percent of instruction at public institutions of higher education in the State is provided by tenured or tenure-track faculty;

(7) require that public institutions of higher education in the State provide, for each student enrolled at the institution who receives for the maximum Federal Pell Grant award under subpart 1 of part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070a et seq.), institutional student financial aid in an amount equal to 100 percent of the difference between—

(A) the cost of attendance at such institution (as determined in accordance with section 472 of the Higher Education Act of 1965 (20 U.S.C. 1087ll)), and

(B) the sum of—

(i) the amount of the maximum Federal Pell Grant award; and
(ii) the student’s expected family contribution; and

(8) ensure that public institutions of higher education in the State not adopt policies to reduce enrollment.

(d) Submission and Contents of Application.—

For each fiscal year for which a State desires a grant under this section, the State agency with jurisdiction over higher education, or another agency designated by the Governor or chief executive of the State to administer the program under this section, shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

(e) Use of Funds.—

(1) In General.—A State that receives a grant under this section shall use the grant funds and the matching funds required under this section to eliminate tuition and required fees for students at public institutions of higher education in the State.

(2) Additional Funding.—Once tuition and required fees have been eliminated pursuant to paragraph (1), a State that receives a grant under this section shall use any remaining grant funds and matching funds required under this section to in-
crease the quality of instruction and student support services by carrying out the following:

(A) Expanding academic course offerings to students.

(B) Increasing the number and percentage of full-time instructional faculty.

(C) Providing all faculty with professional supports to help students succeed, such as professional development opportunities, office space, and shared governance in the institution.

(D) Compensating part-time faculty for work done outside of the classroom relating to instruction, such as holding office hours.

(E) Strengthening and ensuring all students have access to student support services such as academic advising, counseling, and tutoring.

(F) Any other additional activities that improve instructional quality and academic outcomes for students as approved by the Secretary through a peer review process.

(3) PROHIBITION.—A State that receives a grant under this section may not use grant funds or matching funds required under this section—
(A) for the construction of non-academic facilities, such as student centers or stadiums;

(B) for merit-based student financial aid;

or

(C) to pay the salaries or benefits of school administrators.

(f) Authorization and Appropriation.—There are authorized to be appropriated to carry out this section $47,000,000,000 for fiscal year 2016, and such sums as may be necessary for each of the fiscal years 2017 through 2025.

TITLE II—STUDENT LOANS

SEC. 201. RESTORATION OF CERTAIN INTEREST RATE PROVISIONS.

Section 455(b) of the Higher Education Act of 1965 (20 U.S.C. 1087e(b)) is amended—

(1) in paragraph (8)—

(A) in the heading, by striking “ON OR AFTER JULY 1, 2013” and inserting “ON OR AFTER JULY 1, 2013, AND BEFORE JULY 1, 2015”; and

(B) by striking “on or after July 1, 2013” and inserting “on or after July 1, 2013, and before July 1, 2015” each place the term appears;
(2) by redesignating paragraphs (9) and (10) as paragraphs (10) and (11), respectively; and

(3) by inserting the following after paragraph (8):

“(9) INTEREST RATE PROVISIONS FOR NEW LOANS ON OR AFTER JULY 1, 2015.—

“(A) RATES FOR FDSL AND FDUSL.—Notwithstanding the preceding paragraphs of this subsection, for Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans for which the first disbursement is made on or after July 1, 2015, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

“(i) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1; plus

“(ii) 2.3 percent,

except that such rate shall not exceed 8.25 percent.

“(B) IN SCHOOL AND GRACE PERIOD RULES.—Notwithstanding the preceding paragraphs of this subsection, with respect to any
Federal Direct Stafford Loan or Federal Direct
Unsubsidized Stafford Loan for which the first
disbursement is made on or after July 1, 2015,
the applicable rate of interest for interest which
accrues—

“(i) prior to the beginning of the re-
payment period of the loan; or

“(ii) during the period in which prin-
cipal need not be paid (whether or not
such principal is in fact paid) by reason of

a provision described in subsection (f),
shall be determined under subparagraph (A) by
substituting ‘1.7 percent’ for ‘2.3 percent’.

“(C) PLUS LOANS.—Notwithstanding the
preceding paragraphs of this subsection, with
respect to Federal Direct PLUS Loan for which
the first disbursement is made on or after July
1, 2015, the applicable rate of interest shall be
determined under subparagraph (A)—

“(i) by substituting ‘3.1 percent’ for
‘2.3 percent’; and

“(ii) by substituting ‘9.0 percent’ for
‘8.25 percent’.

“(D) CONSOLIDATION LOANS.—Notwith-
standing the preceding paragraphs of this sub-

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section, any Federal Direct Consolidation loan
for which the application is received on or after
July 1, 2015, shall bear interest at an annual
rate on the unpaid principal balance of the loan
that is equal to the lesser of—
“(i) the weighted average of the inter-
est rates on the loans consolidated, round-
ed to the nearest higher 1/8 of 1 percent;
or
“(ii) 8.25 percent.”.

SEC. 202. BORROWER MODIFICATION OF INTEREST RATES
UNDER TITLE IV.

Section 455(b) of the Higher Education Act of 1965
(20 U.S.C. 1087e(b)), as amended by section 201, is fur-
ther amended by adding at the end the following:
“(12) BORROWER MODIFICATION OF INTEREST
RATE.—
“(A) MODIFICATION.—Notwithstanding
any other provision of law, the borrower of a
Federal Stafford Loan under section 428, a
Federal Direct Stafford Loan, a Federal Un-
subsidized Stafford Loan under section 428H, a
Federal Direct Unsubsidized Stafford Loan, a
Federal PLUS Loan under section 428B, a
Federal Direct PLUS Loan, a Federal Consoli-
dation Loan under section 428C, or a Federal Direct Consolidation Loan may elect to modify the interest rate of the loan to be equal to—

“(i) in the case of a Federal Direct Stafford Loan, a Federal Direct Unsubsidized Stafford Loan, a Federal Direct PLUS Loan, or a Federal Direct Consolidation Loan, the interest rate that would be applicable to such loan if such loan were first disbursed (or in the case of a Federal Direct Consolidation Loan, first applied for) on the date on which such borrower elects to modify the interest rate of such loan; and

“(ii) in the case of a Federal Stafford Loan, a Federal Unsubsidized Stafford Loan, a Federal PLUS Loan, or a Federal Consolidation Loan, the weighted average of the interest rates applicable to loans under part B on the date the loan was first disbursed (or in the case of a Federal Consolidation Loan, first applied for).

“(B) FIXED RATE.—Except as provided in subparagraph (C), an interest rate elected
under subparagraph (A) for a loan shall be
fixed for the life of the loan.

“(C) CONTINUING AUTHORITY TO MOD-
IFY.—A borrower may elect to modify the inter-
est rate of a loan in accordance with subpara-
graph (A) at any time during the life of the
loan.”.

TITLE III—FEDERAL WORK-
STUDY PROGRAMS

SEC. 301. AUTHORIZATION OF APPROPRIATIONS.

Section 441(b) of the Higher Education Act of 1965
(42 U.S.C. 2751(b)) is amended to read as follows:

“(b) AUTHORIZATION OF APPROPRIATIONS.—There
are authorized to be appropriated to carry out this part—

“(1) $975,000,000 for fiscal year 2016;
“(2) $1,500,000,000 for fiscal year 2017;
“(3) $2,000,000,000 for fiscal year 2018;
“(4) $2,500,000,000 for fiscal year 2019; and
“(5) $3,000,000,000 for fiscal year 2020.”.

SEC. 302. FEDERAL WORK-STUDY ALLOCATION OF FUNDS.

Section 442 of the Higher Education Act of 1965 (42
U.S.C. 2752) is amended—

(1) by striking subsection (a) and inserting the
following:
“(a) Revision to the Federal Work Study Allocation.—The Secretary shall allocate funds under this section solely on the basis of the self-help need determination described under subsection (c).”;

(2) in subsection (c)—

(A) in paragraph (2), by striking “To determine the self-help need of an institution’s eligible undergraduate students,” and inserting “Until such time as the Secretary establishes a revised method to determine the self-help need of an institution’s eligible undergraduate students, in accordance with paragraph (5),”;

(B) in paragraph (3), by striking “To determine the self-help need of an institution’s eligible graduate and professional students,” and inserting “Until such time as the Secretary establishes a revised method to determine the self-help need of an institution’s eligible graduate and professional students, in accordance with paragraph (5),”;

(C) by adding at the end the following:

“(5) Not later than 1 year after the date of enactment of the College for All Act, the Secretary shall establish revised methods for determining the self-help need of an institution’s eligible under-
graduate students, as described in paragraph (2), and eligible graduate and professional students, as described in paragraph (3), that shall take into account the number of Federal Pell Grant eligible low- and moderate-income students that an eligible institution serves and provide considerations for eligible institutions that successfully demonstrate improved employment outcomes. The Secretary shall promulgate any regulations necessary to carry out the revised methods of determining an eligible institution’s self-help need under this subsection.”; and

(3) by adding at the end the following:

“(f) Funds To Expand Job Location Development Programs.—Notwithstanding any other provision of this part, to promote career readiness and improve the employment skills of Federal Pell Grant-eligible students, the Secretary is authorized to enter into agreements with eligible institutions under which such institution may not use more than 20 percent or $150,000 of its allotment under this section, whichever amount is less, to expand job location development programs, which can be coordinated with State and local workforce development boards.”.
TITLE IV—OFFERING NECESSARY ELIGIBILITY FOR TIMELY INSTITUTIONAL MATRICULATION AND ENROLLMENT

SEC. 401. FAFSA PILOT PROGRAM.

Part G of title IV of the Higher Education Act of 1965 (20 U.S.C. 1088 et seq.) is amended by inserting after section 483 the following:

"SEC. 483A. FAFSA PILOT PROGRAM.

"(a) PURPOSES.—The purposes of this section are—

"(1) to streamline the annual process by which students apply for Federal financial assistance;

"(2) to reduce the need for students to re-apply for such assistance each year;

"(3) to lower the cost of student borrowing by maintaining important student loan protections, such as the in-school interest subsidy;

"(4) to strengthen the middle class and reduce income inequality by targeting financial aid to low- and middle-income students; and

"(5) to ensure that the financial aid application uses income data from prior tax years readily available to students and families to facilitate the widespread and increased use of automated processes,
such as at the IRS-Data Retrieval Tool (IRS–DRT), with the goal of reducing errors and easing the time and rigor of the application process.

“(b) PILOT PROGRAM AUTHORIZED.—The Secretary is authorized to establish a pilot program and select 5 eligible States—

“(1) in which a student who attends an institution of higher education in the eligible State may submit a single Free Application for Federal Student Aid, as described in section 483 and modified under subsection (d) (referred to in this section as the ‘FAFSA’), to be used as the application to determine the need and eligibility of the student for financial assistance under this title during the official length of the student’s proposed postsecondary degree program; and

“(2) that shall each receive a grant in accordance with subsection (e).

“(c) ELIGIBLE STATES.—The Secretary shall select 5 eligible States that are determined by the Secretary to have a strong record of increasing college access and affordability, especially for low-income students, to participate in the pilot program described in subsection (b). The selection of eligible States shall be based on the extent to which the State has—
“(1) invested, and continues to invest, significantly in public higher education, resulting in a comparatively lower net price for low-income students;

“(2) allocated State financial aid primarily on the basis of need; and

“(3) agreed, as a condition of the State’s application for the pilot program under this section, to provide all in-State students (as determined by the State) with an offer for State financial aid that—

“(A) is valid for not less than 2 years and not more than 4 years, as determined by the State; and

“(B) shall be subject to change only upon certain conditions, such as significant changes in a student’s financial circumstances.

“(d) SINGLE FAFSA SUBMISSION.—The Secretary shall implement, in consultation with the 5 selected eligible States, a pilot program to streamline the process of application to determine the need and eligibility of a student for financial assistance under this title that incorporates the following:

“(1) An option for students that are enrolled in an institution of higher education in a selected eligible State to submit a single FAFSA at the beginning of the student’s postsecondary degree program
and receive a determination of financial assistance
under this title that shall, on a contingent basis, be
valid for not less than 2 years and not more than
4 years, as determined by the State.

“(2) The determination of financial assistance
under paragraph (1) shall be made in accordance
with part F, except that relevant calculations shall
be made using a multi-year average, of 2 or 3 years,
from the most recent tax years for which data are
available. A student may use previously submitted
student and parent taxpayer data to prepopulate the
electronic version of the FAFSA, as described in sec-
section 483(f).

“(3) As a condition of the continued receipt of
financial assistance under this section, the Secretary
may require a student who submits the single
FAFSA to respond to a short number of questions
(which may be determined by the Secretary), on an
annual basis, to determine if there is a change in the
financial status of the student (such as whether the
student or the student’s parent has experienced a
substantial increase in annual income) in order to
ensure that the student continues to receive the ap-
propriate amount of financial assistance under this
title.
“(4) Notwithstanding paragraph (1), a requirement that students who experience significant changes in their financial circumstances, as determined by the Secretary, will be required to resubmit the FAFSA in order to receive a new determination of financial assistance under this title.

“(5) An income verification process—

“(A) which the Secretary, through the establishment of a memorandum of understanding with the Secretary of the Treasury, will develop to share the income tax data of a random sample of students who have received Federal assistance under this title, including Federal Pell Grants under section 401 and loans made under part D;

“(B) to ensure that students who have not resubmitted a FAFSA in accordance with paragraph (3) did not have a significant change in financial circumstances that would have required them to do so;

“(C) that shall be carried out in a way so as to ensure that no personally identifiable information is made public through the income verification process; and
“(D) that will be carried out only with the consent of students, whose consent will be requested as part of the annual response required under paragraph (3).

“(6) An option for students to request professional judgment or resubmit their FAFSA each year, to receive a new determination of eligibility for financial assistance under this title.

“(e) GRANT AMOUNT.—Each eligible State selected under this section shall receive a grant to increase public awareness of, and promote the use of, the single FAFSA that may be submitted under the pilot program to be used as the application to determine the need and eligibility of the student for financial assistance under this title during the official length of the student’s proposed postsecondary degree program.

“(f) SUPPLEMENT NOT SUPPLANT.—Grants provided under this section shall be used to supplement, and not supplant, State funds that are used to improve college access and affordability.

“(g) EVALUATION.—Not later than 3 years after the date of enactment of the College for All Act, and 5 years thereafter, the Secretary shall prepare and submit to the authorizing committees a report that contains an evaluation of the effectiveness of the pilot program under this
section in improving college access, increasing FAFSA submission rates, and increasing postsecondary education credit and course accumulation.”.

SEC. 402. PRIOR, PRIOR YEAR.

Section 480(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1087vv(a)(1)) is amended by striking subparagraph (B) and inserting the following:

“(B) Notwithstanding section 478(a) and beginning not later than 180 days after the date of enactment of the College for All Act, the Secretary shall provide for the use of data from the second preceding tax year when and to the extent necessary to carry out the simplification of applications (including simplification for a subset of applications) used for the estimation and determination of financial aid eligibility. Such simplification shall include the sharing of data between the Internal Revenue Service and the Department, pursuant to the consent of the taxpayer.”.

TITLE V—OFFSET

SEC. 501. SHORT TITLE.

This title may be cited as the “Inclusive Prosperity Act of 2015”.
SEC. 502. TRANSACTION TAX.

(a) IN GENERAL.—Chapter 36 of the Internal Revenue Code of 1986 is amended by inserting after subchapter B the following new subchapter:

“Subchapter C—Tax on Trading Transactions

``Sec. 4475. Tax on trading transactions.

“SEC. 4475. TAX ON TRADING TRANSACTIONS.

“(a) IMPOSITION OF TAX.—There is hereby imposed a tax on the transfer of ownership in each covered transaction with respect to any security.

“(b) RATE OF TAX.—The tax imposed under subsection (a) with respect to any covered transaction shall be the applicable percentage of the specified base amount with respect to such covered transaction. The applicable percentage shall be—

“(1) 0.5 percent in the case of a security described in subparagraph (A) or (B) of subsection (e)(1),

“(2) 0.10 percent in the case of a security described in subparagraph (C) of subsection (e)(1), and

“(3) 0.005 percent in the case of a security described in subparagraph (D), (E), or (F) of subsection (e)(1).

“(c) SPECIFIED BASE AMOUNT.—For purposes of this section, the term ‘specified base amount’ means—
“(1) except as provided in paragraph (2), the fair market value of the security (determined as of the time of the covered transaction), and

“(2) in the case of any payment described in subsection (h), the amount of such payment.

“(d) COVERED TRANSACTION.—For purposes of this section, the term ‘covered transaction’ means—

“(1) except as provided in paragraph (2), any purchase of a security if—

“(A) such purchase occurs or is cleared on a facility located in the United States, or

“(B) the purchaser or seller is a United States person, and

“(2) any transaction with respect to a security described in subparagraph (D), (E), or (F) of subsection (e)(1), if—

“(A) such security is traded or cleared on a facility located in the United States, or

“(B) any party with rights under such security is a United States person.

“(e) SECURITY AND OTHER DEFINITIONS.—For purposes of this section—

“(1) IN GENERAL.—The term ‘security’ means—

“(A) any share of stock in a corporation,
“(B) any partnership or beneficial ownership interest in a partnership or trust,

“(C) any note, bond, debenture, or other evidence of indebtedness, other than a State or local bond the interest of which is excluded from gross income under section 103(a),

“(D) any evidence of an interest in, or a derivative financial instrument with respect to, any security or securities described in subparagraph (A), (B), or (C),

“(E) any derivative financial instrument with respect to any currency or commodity including notional principal contracts, and

“(F) any other derivative financial instrument any payment with respect to which is calculated by reference to any specified index.

“(2) DERIVATIVE FINANCIAL INSTRUMENT.—
The term ‘derivative financial instrument’ includes any option, forward contract, futures contract, notional principal contract, or any similar financial instrument.

“(3) SPECIFIED INDEX.—The term ‘specified index’ means any 1 or more of any combination of—

“(A) a fixed rate, price, or amount, or
“(B) a variable rate, price, or amount, which is based on any current objectively determinable information which is not within the control of any of the parties to the contract or instrument and is not unique to any of the parties’ circumstances.

“(4) TREATMENT OF EXCHANGES.—

“(A) IN GENERAL.—An exchange shall be treated as the sale of the property transferred and a purchase of the property received by each party to the exchange.

“(B) CERTAIN DEEMED EXCHANGES.—In the case of a distribution treated as an exchange for stock under section 302 or 331, the corporation making such distribution shall be treated as having purchased such stock for purposes of this section.

“(f) EXCEPTIONS.—

“(1) EXCEPTION FOR INITIAL ISSUES.—No tax shall be imposed under subsection (a) on any covered transaction with respect to the initial issuance of any security described in subparagraph (A), (B), or (C) of subsection (e)(1).
“(2) Exception for certain traded short-term indebtedness.—A note, bond, debenture, or other evidence of indebtedness which—

“(A) is traded on a trading facility located in the United States, and

“(B) has a fixed maturity of not more than 60 days,

shall not be treated as described in subsection (e)(1)(C).

“(3) Exception for securities lending arrangements.—No tax shall be imposed under subsection (a) on any covered transaction with respect to which gain or loss is not recognized by reason of section 1058.

“(g) By whom paid.—

“(1) In general.—The tax imposed by this section shall be paid by—

“(A) in the case of a transaction which occurs or is cleared on a facility located in the United States, such facility, and

“(B) in the case of a purchase not described in subparagraph (A) which is executed by a broker (as defined in section 6045(e)(1)), the broker.
“(2) Special rules for direct, etc., transactions.—In the case of any transaction to which paragraph (1) does not apply, the tax imposed by this section shall be paid by—

“(A) in the case of a transaction described in subsection (d)(1)—

“(i) the purchaser if the purchaser is a United States person, and

“(ii) the seller if the purchaser is not a United States person, and

“(B) in the case of a transaction described in subsection (d)(2)—

“(i) the payor if the payor is a United States person, and

“(ii) the payee if the payor is not a United States person.

“(h) Certain payments treated as separate transactions.—Except as otherwise provided by the Secretary, any payment with respect to a security described in subparagraph (D), (E), or (F) of subsection (e)(1) shall be treated as a separate transaction for purposes of this section, including—

“(1) any net initial payment, net final or terminating payment, or net periodical payment with re-
spect to a notional principal contract (or similar financial instrument),

“(2) any payment with respect to any forward contract (or similar financial instrument), and

“(3) any premium paid with respect to any option (or similar financial instrument).

“(i) Administration.—The Secretary shall carry out this section in consultation with the Securities and Exchange Commission and the Commodity Futures Trading Commission.

“(j) Guidance; Regulations.—The Secretary shall—

“(1) provide guidance regarding such information reporting concerning covered transactions as the Secretary deems appropriate, including reporting by the payor of the tax in cases where the payor is not the purchaser, and

“(2) prescribe such regulations as are necessary or appropriate to prevent avoidance of the purposes of this section, including the use of non-United States persons in such transactions.

“(k) Whistleblowers.—See section 7623 for provisions relating to whistleblowers.”.

(b) Penalty for Failure To Include Covered Transaction Information With Return.—Part I of
subchapter B of chapter 68 of the Internal Revenue Code of 1986 is amended by inserting after section 6707A the following new section:

"SEC. 6707B. PENALTY FOR FAILURE TO INCLUDE COVERED TRANSACTION INFORMATION WITH RETURN.

“(a) IMPOSITION OF PENALTY.—Any person who fails to include on any return or statement any information with respect to a covered transaction which is required pursuant to section 4475(j)(1) to be included with such return or statement shall pay a penalty in the amount determined under subsection (b).

“(b) AMOUNT OF PENALTY.—Except as otherwise provided in this subsection, the amount of the penalty under subsection (a) with respect to any covered transaction shall be determined by the Secretary.

“(c) COVERED TRANSACTION.—For purposes of this section, the term ‘covered transaction’ has the meaning given such term by section 4475(d).

“(d) AUTHORITY TO RESCIND PENALTY.—

“(1) IN GENERAL.—The Commissioner of Internal Revenue may rescind all or any portion of any penalty imposed by this section with respect to any violation if rescinding the penalty would promote
compliance with the requirements of this title and
effective tax administration.

“(2) No Judicial Appeal.—Notwithstanding any other provision of law, any determination under this subsection may not be reviewed in any judicial proceeding.

“(3) Records.—If a penalty is rescinded under paragraph (1), the Commissioner shall place in the file in the Office of the Commissioner the opinion of the Commissioner with respect to the determination, including—

“(A) a statement of the facts and circumstances relating to the violation,

“(B) the reasons for the rescission, and

“(C) the amount of the penalty rescinded.

“(e) Coordination With Other Penalties.—The penalty imposed by this section shall be in addition to any other penalty imposed by this title.”.

(c) Clerical Amendments.—

(1) The table of sections for part I of subchapter B of chapter 68 of such Code is amended by inserting after the item relating to section 6707A the following new item:

“Sec. 6707B. Penalty for failure to include covered transaction information with return.”.
(2) The table of subchapters for chapter 36 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to subchapter B the following new item:

“SUBCHAPTER C. TAX ON TRADING TRANSACTIONS”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions after December 31, 2015.

SEC. 503. OFFSETTING CREDIT FOR FINANCIAL TRANSACTION TAX.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to nonrefundable personal credits) is amended by inserting after section 25D the following new section:

“SEC. 25E. FINANCIAL TRANSACTION TAX PAYMENTS.

“(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the tax paid during the taxable year under section 4475.

“(b) LIMITATION BASED ON MODIFIED ADJUSTED GROSS INCOME.—

“(1) IN GENERAL.—Subsection (a) shall not apply to a taxpayer for the taxable year if the modified adjusted gross income of the taxpayer for the
taxable year exceeds $50,000 ($75,000 in the case of a joint return and one-half of such amount in the case of a married individual filing a separate return).

“(2) MODIFIED ADJUSTED GROSS INCOME.—
For purposes of paragraph (1), the term ‘modified adjusted gross income’ means adjusted gross income—

“(A) determined without regard to sections 86, 893, 911, 931, and 933, and

“(B) increased by the amount of interest received or accrued by the taxpayer during the taxable year which is exempt from tax.

“(3) INFLATION ADJUSTMENT.—

“(A) IN GENERAL.—In the case of any taxable year beginning after 2016, each dollar amount referred to in paragraph (1) shall be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(B) Rounding.—If any amount as adjusted under clause (i) is not a multiple of $50, such amount shall be rounded to the nearest multiple of $50.

“(c) Eligible Individual.—

“(1) In general.—The term ‘eligible individual’ means, with respect to any taxable year, an individual who—

“(A) has attained the age of 18 as of the last day of such taxable year, and

“(B) is a citizen or lawful permanent resident (within the meaning of section 7701(b)(6)) as of the last day of such taxable year.

“(2) Certain individuals not eligible.—For purposes of paragraph (1), an individual described in any of the following provisions of this title for the preceding taxable year shall not be treated as an eligible individual for the taxable year:

“(A) An individual who is a student (as defined in section 152(f)(2)) for the taxable year or the immediately preceding taxable year.

“(B) An individual who is a taxpayer described in subsection (e), (d), or (e) of section 6402 for the immediately preceding taxable year.
“(C) A married individual who files a separate return for the taxable year.”.

(b) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 25D the following new item:

“Sec. 25E. Financial transaction tax payments.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2015.