

116TH CONGRESS
1ST SESSION

S. 768

To amend the Higher Education Act of 1965 to provide for the refinancing of certain Federal student loans, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 13, 2019

Ms. WARREN (for herself, Ms. BALDWIN, Mr. BENNET, Mr. BLUMENTHAL, Mr. BOOKER, Mr. BROWN, Ms. CANTWELL, Mr. CARDIN, Mr. CASEY, Ms. CORTEZ MASTO, Ms. DUCKWORTH, Mr. DURBIN, Mrs. FEINSTEIN, Mrs. GILLIBRAND, Ms. HARRIS, Ms. HASSAN, Ms. HIRONO, Ms. KLOBUCHAR, Mr. LEAHY, Mr. MANCHIN, Mr. MARKEY, Mr. MENENDEZ, Mr. MERKLEY, Mr. MURPHY, Mr. PETERS, Mr. REED, Mr. SANDERS, Mrs. SHAHEEN, Ms. SMITH, Ms. STABENOW, Mr. UDALL, Mr. VAN HOLLEN, Mr. WHITEHOUSE, Mr. WYDEN, and Mr. HEINRICH) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Higher Education Act of 1965 to provide for the refinancing of certain Federal student loans, 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 “Bank on Students
5 Emergency Loan Refinancing Act”.

TITLE I—REFINANCING PROGRAMS

SEC. 101. REFINANCING PROGRAMS.

(a) PROGRAM AUTHORITY.—Section 451(a) of the Higher Education Act of 1965 (20 U.S.C. 1087a(a)) is amended—

(1) by striking “and (2)” and inserting “(2)”;
and

(2) by inserting “; and (3) to make loans under section 460A and section 460B” after “section 459A”.

(b) REFINANCING PROGRAM.—Part D of title IV of the Higher Education Act of 1965 (20 U.S.C. 1087a et seq.) is amended by adding at the end the following:

“SEC. 460A. REFINANCING FFEL AND FEDERAL DIRECT LOANS.

“(a) IN GENERAL.—Beginning not later than 180 days after the date of enactment of the Bank on Students Emergency Loan Refinancing Act, the Secretary shall establish a program under which the Secretary, upon the receipt of an application from a qualified borrower, makes a loan under this part, in accordance with the provisions of this section, in order to permit the borrower to obtain the interest rate provided under subsection (c).

“(b) REFINANCING DIRECT LOANS.—

1 “(1) FEDERAL DIRECT LOANS.—Upon applica-
2 tion of a qualified borrower, the Secretary shall
3 repay a Federal Direct Stafford Loan, a Federal Di-
4 rect Unsubsidized Stafford Loan, a Federal Direct
5 PLUS Loan, or a Federal Direct Consolidation
6 Loan of the qualified borrower, for which the first
7 disbursement was made, or the application for the
8 consolidation loan was received, before July 1, 2019,
9 with the proceeds of a refinanced Federal Direct
10 Stafford Loan, a Federal Direct Unsubsidized Staf-
11 ford Loan, a Federal Direct PLUS Loan, or a Fed-
12 eral Direct Consolidation Loan, respectively, issued
13 to the borrower in an amount equal to the sum of
14 the unpaid principal, accrued unpaid interest, and
15 late charges of the original loan.

16 “(2) REFINANCING FFEL PROGRAM LOANS AS
17 REFINANCED FEDERAL DIRECT LOANS.—Upon ap-
18 plication of a qualified borrower for any loan that
19 was made, insured, or guaranteed under part B and
20 for which the first disbursement was made, or the
21 application for the consolidation loan was received,
22 before July 1, 2010, the Secretary shall make a loan
23 under this part, in an amount equal to the sum of
24 the unpaid principal, accrued unpaid interest, and

1 late charges of the original loan to the borrower in
 2 accordance with the following:

3 “(A) The Secretary shall pay the proceeds
 4 of such loan to the eligible lender of the loan
 5 made, insured, or guaranteed under part B, in
 6 order to discharge the borrower from any re-
 7 maining obligation to the lender with respect to
 8 the original loan.

9 “(B) A loan made under this section that
 10 was originally a loan made, insured, or guaran-
 11 teed—

12 “(i) under section 428 shall be a Fed-
 13 eral Direct Stafford Loan;

14 “(ii) under section 428B shall be a
 15 Federal Direct PLUS Loan;

16 “(iii) under section 428H shall be a
 17 Federal Direct Unsubsidized Stafford
 18 Loan; and

19 “(iv) under section 428C shall be a
 20 Federal Direct Consolidation Loan.

21 “(C) The interest rate for each loan made
 22 by the Secretary under this paragraph shall be
 23 the rate provided under subsection (c).

24 “(c) INTEREST RATES.—

1 “(1) IN GENERAL.—The interest rate for the
2 refinanced Federal Direct Stafford Loans, Federal
3 Direct Unsubsidized Stafford Loans, Federal Direct
4 PLUS Loans, and Federal Direct Consolidation
5 Loans, shall be a rate equal to—

6 “(A) in any case where the original loan
7 was a loan under section 428 or 428H, a Fed-
8 eral Direct Stafford loan, or a Federal Direct
9 Unsubsidized Stafford Loan, that was issued to
10 an undergraduate student, a rate equal to the
11 rate for Federal Direct Stafford Loans and
12 Federal Direct Unsubsidized Stafford Loans
13 issued to undergraduate students for the 12-
14 month period beginning on July 1, 2016, and
15 ending on June 30, 2017;

16 “(B) in any case where the original loan
17 was a loan under section 428 or 428H, a Fed-
18 eral Direct Stafford Loan, or a Federal Direct
19 Unsubsidized Stafford Loan, that was issued to
20 a graduate or professional student, a rate equal
21 to the rate for Federal Direct Unsubsidized
22 Stafford Loans issued to graduate or profes-
23 sional students for the 12-month period begin-
24 ning on July 1, 2016, and ending on June 30,
25 2017;

“(C) in any case where the original loan was a loan under section 428B or a Federal Direct PLUS Loan, a rate equal to the rate for Federal Direct PLUS Loans for the 12-month period beginning on July 1, 2016, and ending on June 30, 2017; and

“(D) in any case where the original loan was a loan under section 428C or a Federal Direct Consolidation Loan, a rate calculated in accordance with paragraph (2).

“(2) INTEREST RATES FOR CONSOLIDATION LOANS.—

“(A) METHOD OF CALCULATION.—In order to determine the interest rate for any refinanced Federal Direct Consolidation Loan under paragraph (1)(D), the Secretary shall—

“(i) determine each of the component loans that were originally consolidated in the loan under section 428C or the Federal Direct Consolidation Loan, and calculate the proportion of the unpaid principal balance of the loan under section 428C or the Federal Direct Consolidation Loan that each component loan represents;

“(ii) use the proportions determined in accordance with clause (i) and the interest rate applicable for each component loan, as determined under subparagraph (B), to calculate the weighted average of the interest rates on the loans consolidated into the loan under section 428C or the Federal Direct Consolidation Loan; and

“(iii) apply the weighted average calculated under clause (ii) as the interest rate for the refinanced Federal Direct Consolidation Loan.

“(B) INTEREST RATES FOR COMPONENT LOANS.—The interest rates for the component loans of a loan made under section 428C or a Federal Direct Consolidation Loan shall be the following:

“(i) The interest rate for any loan under section 428 or 428H, Federal Direct Stafford Loan, or Federal Direct Unsubsidized Stafford Loan issued to an undergraduate student shall be a rate equal to the lesser of—

“(I) the rate for Federal Direct Stafford Loans and Federal Direct

1 Unsubsidized Stafford Loans issued
 2 to undergraduate students for the 12-
 3 month period beginning on July 1,
 4 2016, and ending on June 30, 2017;
 5 or

6 “(II) the original interest rate of
 7 the component loan.

8 “(ii) The interest rate for any loan
 9 under section 428 or 428H, Federal Direct
 10 Stafford Loan, or Federal Direct Unsub-
 11 sidized Stafford Loan issued to a graduate
 12 or professional student shall be a rate
 13 equal to the lesser of—

14 “(I) the rate for Federal Direct
 15 Unsubsidized Stafford Loans issued
 16 to graduate or professional students
 17 for the 12-month period beginning on
 18 July 1, 2016, and ending on June 30,
 19 2017; or

20 “(II) the original interest rate of
 21 the component loan.

22 “(iii) The interest rate for any loan
 23 under section 428B or Federal Direct
 24 PLUS Loan shall be a rate equal to the
 25 lesser of—

1 “(I) the rate for Federal Direct
 2 PLUS Loans for the 12-month period
 3 beginning on July 1, 2016, and end-
 4 ing on June 30, 2017; or

5 “(II) the original interest rate of
 6 the component loan.

7 “(iv) The interest rate for any compo-
 8 nent loan that is a loan under section
 9 428C or a Federal Direct Consolidation
 10 Loan shall be the weighted average of the
 11 interest rates that would apply under this
 12 subparagraph for each loan comprising the
 13 component consolidation loan.

14 “(v) The interest rate for any eligible
 15 loan that is a component of a loan made
 16 under section 428C or a Federal Direct
 17 Consolidation Loan and is not described in
 18 clauses (i) through (iv) shall be the inter-
 19 est rate on the original component loan.

20 “(3) FIXED RATE.—The applicable rate of in-
 21 terest determined under paragraph (1) for a refi-
 22 nanced loan under this section shall be fixed for the
 23 period of the loan.

24 “(d) TERMS AND CONDITIONS OF LOANS.—

1 “(1) IN GENERAL.—A loan that is refinanced
2 under this section shall have the same terms and
3 conditions as the original loan, except as otherwise
4 provided in this section.

5 “(2) NO AUTOMATIC EXTENSION OF REPAY-
6 MENT PERIOD.—Refinancing a loan under this sec-
7 tion shall not result in the extension of the duration
8 of the repayment period of the loan, and the bor-
9 rower shall retain the same repayment term that
10 was in effect on the original loan. Nothing in this
11 paragraph shall be construed to prevent a borrower
12 from electing a different repayment plan at any time
13 in accordance with section 455(d)(3).

14 “(e) DEFINITION OF QUALIFIED BORROWER.—

15 “(1) IN GENERAL.—For purposes of this sec-
16 tion, the term ‘qualified borrower’ means a bor-
17 rower—

18 “(A) of a loan under this part or part B
19 for which the first disbursement was made, or
20 the application for a consolidation loan was re-
21 ceived, before July 1, 2019; and

22 “(B) who meets the eligibility requirements
23 based on income or debt-to-income ratio estab-
24 lished by the Secretary.

1 “(2) INCOME REQUIREMENTS.—Not later than
2 180 days after the date of enactment of the Bank
3 on Students Emergency Loan Refinancing Act, the
4 Secretary shall establish eligibility requirements
5 based on income or debt-to-income ratio that take
6 into consideration providing access to refinancing
7 under this section for borrowers with the greatest fi-
8 nancial need.

9 “(f) NOTIFICATION TO BORROWERS.—The Secretary,
10 in coordination with the Director of the Bureau of Con-
11 sumer Financial Protection, shall undertake a campaign
12 to alert borrowers of loans that are eligible for refinancing
13 under this section that the borrowers are eligible to apply
14 for such refinancing. The campaign shall include the fol-
15 lowing activities:

16 “(1) Developing consumer information mate-
17 rials about the availability of Federal student loan
18 refinancing.

19 “(2) Requiring servicers of loans under this
20 part or part B to provide such consumer information
21 to borrowers in a manner determined appropriate by
22 the Secretary, in consultation with the Director of
23 the Bureau of Consumer Financial Protection.

1 **“SEC. 460B. FEDERAL DIRECT REFINANCED PRIVATE LOAN**
 2 **PROGRAM.**

3 “(a) DEFINITIONS.—In this section:

4 “(1) ELIGIBLE PRIVATE EDUCATION LOAN.—

5 The term ‘eligible private education loan’ means a
 6 private education loan, as defined in section 140(a)
 7 of the Truth in Lending Act (15 U.S.C. 1650(a)),
 8 that—

9 “(A) was disbursed to the borrower before
 10 July 1, 2019; and

11 “(B) was for the borrower’s own postsec-
 12 ondary educational expenses for an eligible pro-
 13 gram at an institution of higher education par-
 14 ticipating in the loan program under this part,
 15 as of the date that the loan was disbursed.

16 “(2) FEDERAL DIRECT REFINANCED PRIVATE
 17 LOAN.—The term ‘Federal Direct Refinanced Pri-
 18 vate Loan’ means a loan issued under subsection
 19 (b)(1).

20 “(3) PRIVATE EDUCATIONAL LENDER.—The
 21 term ‘private educational lender’ has the meaning
 22 given the term in section 140(a) of the Truth in
 23 Lending Act (15 U.S.C. 1650(a)).

24 “(4) QUALIFIED BORROWER.—The term ‘quali-
 25 fied borrower’ means an individual who—

26 “(A) has an eligible private education loan;

1 “(B) has been current on payments on the
 2 eligible private education loan for the 6 months
 3 prior to the date of the qualified borrower’s ap-
 4 plication for refinancing under this section, and
 5 is in good standing on the loan at the time of
 6 such application;

7 “(C) is not in default on the eligible pri-
 8 vate education loan or on any loan made, in-
 9 sured, or guaranteed under this part or part B
 10 or E; and

11 “(D) meets the eligibility requirements de-
 12 scribed in subsection (b)(2).

13 “(b) PROGRAM AUTHORIZED.—

14 “(1) IN GENERAL.—The Secretary, in consulta-
 15 tion with the Secretary of the Treasury, shall carry
 16 out a program under which the Secretary, upon ap-
 17 plication by a qualified borrower who has an eligible
 18 private education loan, shall issue such borrower a
 19 loan under this part in accordance with the fol-
 20 lowing:

21 “(A) The loan issued under this program
 22 shall be in an amount equal to the sum of the
 23 unpaid principal, accrued unpaid interest, and
 24 late charges of the private education loan.

1 “(B) The Secretary shall pay the proceeds
2 of the loan issued under this program to the
3 private educational lender of the private edu-
4 cation loan, in order to discharge the qualified
5 borrower from any remaining obligation to the
6 lender with respect to the original loan.

7 “(C) The Secretary shall require that the
8 qualified borrower undergo loan counseling that
9 provides all of the information and counseling
10 required under clauses (i) through (viii) of sec-
11 tion 485(b)(1)(A) before the loan is refinanced
12 in accordance with this section, and before the
13 proceeds of such loan are paid to the private
14 educational lender.

15 “(D) The Secretary shall issue the loan as
16 a Federal Direct Refinanced Private Loan,
17 which shall have the same terms, conditions,
18 and benefits as a Federal Direct Unsubsidized
19 Stafford Loan, except as otherwise provided in
20 this section.

21 “(2) BORROWER ELIGIBILITY.—Not later than
22 180 days after the date of enactment of the Bank
23 on Students Emergency Loan Refinancing Act, the
24 Secretary, in consultation with the Secretary of the
25 Treasury and the Director of the Bureau of Con-

sumer Financial Protection, shall establish eligibility requirements—

“(A) based on income or debt-to-income ratio that take into consideration providing access to refinancing under this section for borrowers with the greatest financial need;

“(B) to ensure eligibility only for borrowers in good standing;

“(C) to minimize inequities between Federal Direct Refinanced Private Loans and other Federal student loans;

“(D) to preclude windfall profits for private educational lenders; and

“(E) to ensure full access to the program authorized in this subsection for borrowers with private loans who otherwise meet the criteria established in accordance with subparagraphs (A) and (B).

“(c) INTEREST RATE.—

“(1) IN GENERAL.—The interest rate for a Federal Direct Refinanced Private Loan is—

“(A) in the case of a Federal Direct Refinanced Private Loan for a private education loan originally issued for undergraduate post-secondary educational expenses, a rate equal to

1 the rate for Federal Direct Stafford Loans and
2 Federal Direct Unsubsidized Stafford Loans
3 issued to undergraduate students for the 12-
4 month period beginning on July 1, 2016, and
5 ending on June 30, 2017; and

6 “(B) in the case of a Federal Direct Refi-
7 nanced Private Loan for a private education
8 loan originally issued for graduate or profes-
9 sional degree postsecondary educational ex-
10 penses, a rate equal to the rate for Federal Di-
11 rect Unsubsidized Stafford Loans issued to
12 graduate or professional students for the 12-
13 month period beginning on July 1, 2016, and
14 ending on June 30, 2017.

15 “(2) COMBINED UNDERGRADUATE AND GRAD-
16 UATE STUDY LOANS.—If a Federal Direct Refi-
17 nanced Private Loan is for a private education loan
18 originally issued for both undergraduate and grad-
19 uate or professional postsecondary educational ex-
20 penses, the interest rate shall be a rate equal to the
21 rate for Federal Direct PLUS Loans for the 12-
22 month period beginning on July 1, 2016, and ending
23 on June 30, 2017.

24 “(3) FIXED RATE.—The applicable rate of in-
25 terest determined under this subsection for a Fed-

1 eral Direct Refinanced Private Loan shall be fixed
2 for the period of the loan.

3 “(d) NO INCLUSION IN AGGREGATE LIMITS.—The
4 amount of a Federal Direct Refinanced Private Loan, or
5 a Federal Direct Consolidated Loan to the extent such
6 loan was used to repay a Federal Direct Refinanced Pri-
7 vate Loan, shall not be included in calculating a bor-
8 rower’s annual or aggregate loan limits under section 428
9 or 428H.

10 “(e) NO ELIGIBILITY FOR SERVICE-RELATED RE-
11 PAYMENT.—Notwithstanding sections 428K(a)(2)(A),
12 428L(b)(2), 455(m)(3)(A), and 460(b), a Federal Direct
13 Refinanced Private Loan, or any Federal Direct Consoli-
14 dation Loan to the extent such loan was used to repay
15 a Federal Direct Refinanced Private Loan, shall not be
16 eligible for any loan repayment or loan forgiveness pro-
17 gram under section 428K, 428L, or 460 or for the repay-
18 ment plan for public service employees under section
19 455(m).

20 “(f) PRIVATE EDUCATIONAL LENDER REPORTING
21 REQUIREMENT.—

22 “(1) REPORTING REQUIRED.—Not later than
23 180 days after the date of enactment of the Bank
24 on Students Emergency Loan Refinancing Act, the
25 Secretary, in consultation with the Secretary of the

1 Treasury and the Director of the Bureau of Con-
2 sumer Financial Protection, shall establish a re-
3 quirement that private educational lenders report
4 the data described in paragraph (2) to the Sec-
5 retary, to Congress, to the Secretary of the Treas-
6 ury, and to the Director of the Bureau of Consumer
7 Financial Protection, in order to allow for an assess-
8 ment of the private education loan market.

9 “(2) CONTENTS OF REPORTING.—The data
10 that private educational lenders shall report in ac-
11 cordance with paragraph (1) shall include each of
12 the following about private education loans (as de-
13 fined in section 140(a) of the Truth in Lending Act
14 (15 U.S.C. 1650(a))):

15 “(A) The total amount of private education
16 loan debt the lender holds.

17 “(B) The total number of private edu-
18 cation loan borrowers the lender serves.

19 “(C) The average interest rate on the out-
20 standing private education loan debt held by the
21 lender.

22 “(D) The proportion of private education
23 loan borrowers who are in default on a loan
24 held by the lender.

1 “(E) The proportion of the outstanding
2 private education loan volume held by the lend-
3 er that is in default.

4 “(F) The proportions of outstanding pri-
5 vate education loan borrowers who are 30, 60,
6 and 90 days delinquent.

7 “(G) The proportions of outstanding pri-
8 vate education loan volume that is 30, 60, and
9 90 days delinquent.

10 “(g) NOTIFICATION TO BORROWERS.—The Sec-
11 retary, in coordination with the Secretary of the Treasury
12 and the Director of the Bureau of Consumer Financial
13 Protection, shall undertake a campaign to alert borrowers
14 about the availability of private student loan refinancing
15 under this section.”.

16 (c) AMENDMENTS TO PUBLIC SERVICE REPAYMENT
17 PLAN PROVISIONS.—Section 455(m) of the Higher Edu-
18 cation Act of 1965 (20 U.S.C. 1087e(m)) is amended—

19 (1) by redesignating paragraphs (3) and (4) as
20 paragraphs (4) and (5), respectively;

21 (2) by inserting after paragraph (2) the fol-
22 lowing:

23 “(3) SPECIAL RULES FOR SECTION 460A
24 LOANS.—

1 “(A) REFINANCED FEDERAL DIRECT
 2 LOANS.—Notwithstanding paragraph (1), in de-
 3 termining the number of monthly payments
 4 that meet the requirements of such paragraph
 5 for an eligible Federal Direct Loan refinanced
 6 under section 460A that was originally a loan
 7 under this part, the Secretary shall include all
 8 monthly payments made on the original loan
 9 that meet the requirements of such paragraph.

10 “(B) REFINANCED FFEL LOANS.—In the
 11 case of an eligible Federal Direct Loan refi-
 12 nanced under section 460A that was originally
 13 a loan under part B, only monthly payments
 14 made after the date on which the loan was refi-
 15 nanced may be included for purposes of para-
 16 graph (1).”; and

17 (3) in paragraph (4)(A) (as redesignated by
 18 paragraph (1)), by inserting “(including any Federal
 19 Direct Stafford Loan, Federal Direct PLUS Loan,
 20 Federal Direct Unsubsidized Stafford Loan, or Fed-
 21 eral Direct Consolidation Loan refinanced under sec-
 22 tion 460A)” before the period at the end.

23 (d) INCOME-BASED REPAYMENT.—Section 493C of
 24 the Higher Education Act of 1965 (20 U.S.C. 1098e) is
 25 amended by adding at the end the following:

1 “(f) SPECIAL RULE FOR REFINANCED LOANS.—

2 “(1) REFINANCED FEDERAL DIRECT AND FFEL
3 LOANS.—In calculating the period of time during
4 which a borrower of a loan that is refinanced under
5 section 460A has made monthly payments for pur-
6 poses of subsection (b)(7), the Secretary shall deem
7 the period to include all monthly payments made for
8 the original loan, and all monthly payments made
9 for the refinanced loan, that otherwise meet the re-
10 quirements of this section.

11 “(2) FEDERAL DIRECT REFINANCED PRIVATE
12 LOANS.—In calculating the period of time during
13 which a borrower of a Federal Direct Refinanced
14 Private Loan under section 460B has made monthly
15 payments for purposes of subsection (b)(7), the Sec-
16 retary shall include only payments—

17 “(A) that are made after the date of the
18 issuance of the Federal Direct Refinanced Pri-
19 vate Loan; and

20 “(B) that otherwise meet the requirements
21 of this section.”.

1 **TITLE II—FAIR SHARE TAX**

2 **SEC. 201. FAIR SHARE TAX ON HIGH-INCOME TAXPAYERS.**

3 (a) IN GENERAL.—Subchapter A of chapter 1 of the
4 Internal Revenue Code of 1986 is amended by adding at
5 the end the following new part:

6 **“PART VIII—FAIR SHARE TAX ON HIGH-INCOME** 7 **TAXPAYERS**

“Sec. 59B. Fair share tax.

8 **“SEC. 59B. FAIR SHARE TAX.**

9 “(a) GENERAL RULE.—

10 “(1) PHASE-IN OF TAX.—In the case of any
11 high-income taxpayer, there is hereby imposed for a
12 taxable year (in addition to any other tax imposed
13 by this subtitle) a tax equal to the product of—

14 “(A) the amount determined under para-
15 graph (2), and

16 “(B) a fraction (not to exceed 1)—

17 “(i) the numerator of which is the ex-
18 cess of—

19 “(I) the taxpayer’s adjusted
20 gross income, over

21 “(II) the dollar amount in effect
22 under subsection (c)(1), and

1 “(ii) the denominator of which is the
 2 dollar amount in effect under subsection
 3 (c)(1).

4 “(2) AMOUNT OF TAX.—The amount of tax de-
 5 termined under this paragraph is an amount equal
 6 to the excess (if any) of—

7 “(A) the tentative fair share tax for the
 8 taxable year, over

9 “(B) the excess of—

10 “(i) the sum of—

11 “(I) the regular tax liability (as
 12 defined in section 26(b)) for the tax-
 13 able year, determined without regard
 14 to any tax liability determined under
 15 this section,

16 “(II) the tax imposed by section
 17 55 for the taxable year, plus

18 “(III) the payroll tax for the tax-
 19 able year, over

20 “(ii) the credits allowable under part
 21 IV of subchapter A (other than sections
 22 27(a), 31, and 34).

23 “(b) TENTATIVE FAIR SHARE TAX.—For purposes
 24 of this section—

1 “(1) IN GENERAL.—The tentative fair share tax
2 for the taxable year is 30 percent of the excess of—

3 “(A) the adjusted gross income of the tax-
4 payer, over

5 “(B) the modified charitable contribution
6 deduction for the taxable year.

7 “(2) MODIFIED CHARITABLE CONTRIBUTION
8 DEDUCTION.—For purposes of paragraph (1)—

9 “(A) IN GENERAL.—The modified chari-
10 table contribution deduction for any taxable
11 year is an amount equal to the amount which
12 bears the same ratio to the deduction allowable
13 under section 170 (section 642(c) in the case of
14 a trust or estate) for such taxable year as—

15 “(i) the amount of itemized deduc-
16 tions allowable under the regular tax (as
17 defined in section 55) for such taxable
18 year, determined after the application of
19 section 68, bears to

20 “(ii) such amount, determined before
21 the application of section 68.

22 “(B) TAXPAYER MUST ITEMIZE.—In the
23 case of any individual who does not elect to
24 itemize deductions for the taxable year, the

1 modified charitable contribution deduction shall
2 be zero.

3 “(c) HIGH-INCOME TAXPAYER.—For purposes of this
4 section—

5 “(1) IN GENERAL.—The term ‘high-income tax-
6 payer’ means, with respect to any taxable year, any
7 taxpayer (other than a corporation) with an adjusted
8 gross income for such taxable year in excess of
9 \$1,000,000 (50 percent of such amount in the case
10 of a married individual who files a separate return).

11 “(2) INFLATION ADJUSTMENT.—

12 “(A) IN GENERAL.—In the case of a tax-
13 able year beginning after 2020, the \$1,000,000
14 amount under paragraph (1) shall be increased
15 by an amount equal to—

16 “(i) such dollar amount, multiplied by

17 “(ii) the cost-of-living adjustment de-
18 termined under section 1(f)(3) for the cal-
19 endar year in which the taxable year be-
20 gins, determined by substituting ‘calendar
21 year 2019’ for ‘calendar year 2016’ in sub-
22 paragraph (A)(ii) thereof.

23 “(B) ROUNDING.—If any amount as ad-
24 justed under subparagraph (A) is not a multiple

1 of \$10,000, such amount shall be rounded to
2 the next lowest multiple of \$10,000.

3 “(d) PAYROLL TAX.—For purposes of this section,
4 the payroll tax for any taxable year is an amount equal
5 to the excess of—

6 “(1) the taxes imposed on the taxpayer under
7 sections 1401, 1411, 3101, 3201, and 3211(a) (to
8 the extent such tax is attributable to the rate of tax
9 in effect under section 3101) with respect to such
10 taxable year or wages or compensation received dur-
11 ing such taxable year, over

12 “(2) the deduction allowable under section
13 164(f) for such taxable year.

14 “(e) SPECIAL RULE FOR ESTATES AND TRUSTS.—
15 For purposes of this section, in the case of an estate or
16 trust, adjusted gross income shall be computed in the
17 manner described in section 67(e).

18 “(f) NOT TREATED AS TAX IMPOSED BY THIS CHAP-
19 TER FOR CERTAIN PURPOSES.—The tax imposed under
20 this section shall not be treated as tax imposed by this
21 chapter for purposes of determining the amount of any
22 credit under this chapter (other than the credit allowed
23 under section 27(a)) or for purposes of section 55.”.

(b) CLERICAL AMENDMENT.—The table of parts for subchapter A of chapter 1 of such Code is amended by adding at the end the following new item:

“PART VIII—FAIR SHARE TAX ON HIGH-INCOME TAXPAYERS”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2019.

TITLE III—DEFICIT NEUTRAL IMPLEMENTATION OF STUDENT LOAN REFINANCING PROGRAMS

SEC. 301. DEFICIT NEUTRAL IMPLEMENTATION OF STUDENT LOAN REFINANCING PROGRAMS; BUDGETARY EFFECTS.

(a) AMOUNT OF REVENUE.—The Secretary of Education shall estimate the amount that is equal to the amount of the net increase in revenue received in the Treasury during the 10-year period beginning on the date of enactment of this Act attributable to the amendments made by title II of this Act.

(b) DEFICIT-NEUTRAL TERMINATION OF THE REFINANCING PROGRAM.—The Secretary of Education shall terminate the refinancing programs carried out under sections 460A and 460B of the Higher Education Act of 1965 on the date that the net cost of carrying out such refinancing programs is equal to the amount of additional

1 revenue estimated under subsection (a) or on the date that
2 is 2 years after the date of enactment of this Act, which-
3 ever occurs first.

4 (c) DEFICIT REDUCTION.—Any remaining increase
5 in revenue described in subsection (a) and not used for
6 the refinancing programs carried out under sections 460A
7 and 460B of the Higher Education Act of 1965 shall be
8 returned to the general fund of the Treasury for Federal
9 budget deficit reduction.

10 (d) METHODOLOGY.—When estimating cost and rev-
11 enue under this section, the Secretary of Education shall
12 utilize the accounting methods and assumptions that are
13 used by the Congressional Budget Office, as of the date
14 of enactment of this Act, to make such estimations.

15 **SEC. 302. BUDGETARY EFFECTS.**

16 The budgetary effects of this Act and the amend-
17 ments made by this Act shall not be entered on either
18 PAYGO scorecard maintained pursuant to section 4(d) of
19 the Statutory Pay-As-You-Go Act of 2010 (2 U.S.C.
20 933(d)).

○