

106TH CONGRESS
2D SESSION

H. R. 4258

To amend the Higher Education Act of 1965 to improve the program for the forgiveness of student loans to teachers, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 12, 2000

Mr. KUYKENDALL introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Higher Education Act of 1965 to improve the program for the forgiveness of student loans to teachers, 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 Forgive-
5 ness Act of 2000”.

1 **TITLE I—STUDENT LOAN**
2 **FORGIVENESS FOR TEACHERS**

3 **SEC. 101. REVISION OF LOAN FORGIVENESS FOR TEACH-**
4 **ERS PROGRAM.**

5 (a) IN GENERAL.—Section 428J of the Higher Edu-
6 cation Act of 1965 (20 U.S.C. 1078–10) is amended to
7 read as follows:

8 **“SEC. 428J. LOAN FORGIVENESS FOR TEACHERS.**

9 “(a) STATEMENT OF PURPOSE.—It is the purpose of
10 this section to encourage individuals to enter and continue
11 in the teaching profession.

12 “(b) PROGRAM AUTHORIZED.—The Secretary shall
13 carry out a program, through the holder of the loan, of
14 assuming the obligation to repay a qualified loan amount
15 for a loan made under section 428 or 428H, in accordance
16 with subsection (c), for any borrower who—

17 “(1) is employed as a full-time teacher in a
18 public elementary or secondary school; and

19 “(2) is not in default on a loan for which the
20 borrower seeks forgiveness.

21 “(c) QUALIFIED LOANS AMOUNT.—

22 “(1) IN GENERAL.—The Secretary shall repay,
23 for each year of 4 years of service described in sub-
24 section (b)(1), not more than one-fourth of the ag-
25 gregate of the loan obligation on a loan made under

1 section 428 or 428H that is outstanding at the be-
2 ginning of the first year of such service, so that at
3 the end of such 4 years the the entire loan obligation
4 is repaid. No borrower may receive a reduction of
5 loan obligations under both this section and section
6 460.

7 “(2) TREATMENT OF CONSOLIDATION LOANS.—
8 A loan amount for a loan made under section 428C
9 may be a qualified loan amount for the purposes of
10 this subsection only to the extent that such loan
11 amount was used to repay a Federal Direct Stafford
12 Loan, a Federal Direct Unsubsidized Stafford Loan,
13 or a loan made under section 428 or 428H for a
14 borrower who meets the requirements of subsection
15 (b), as determined in accordance with regulations
16 prescribed by the Secretary.

17 “(d) REGULATIONS.—The Secretary is authorized to
18 issue such regulations as may be necessary to carry out
19 the provisions of this section.

20 “(e) CONSTRUCTION.—Nothing in this section shall
21 be construed to authorize any refunding of any repayment
22 of a loan.

23 “(f) PREVENTION OF DOUBLE BENEFITS.—No bor-
24 rower may, for the same service, receive a benefit under
25 both this subsection and subtitle D of title I of the Na-

1 tional and Community Service Act of 1990 (42 U.S.C.
2 12571 et seq.).

3 “(g) DEFINITION.—For purposes of this section, the
4 term ‘year’, where applied to service as a teacher, means
5 an academic year as defined by the Secretary.”.

6 (b) NO INCOME TAX BY REASON OF LOAN FORGIVE-
7 NESS.—Subsection (f) of section 108 of the Internal Rev-
8 enue Code of 1986 is amended by adding at the end the
9 following new paragraph:

10 “(4) LOAN FORGIVENESS FOR TEACHERS.—In
11 the case of an individual, gross income does not in-
12 clude any amount which (but for this paragraph)
13 would be includible in gross income by reason of the
14 discharge (in whole or in part) of any loan if such
15 discharge was pursuant to section 428J of the High-
16 er Education Act of 1965 (20 U.S.C. 1078–10), as
17 in effect on the date of the enactment of this para-
18 graph.”

19 (c) EFFECTIVE DATE.—The amendment made by
20 subsection (a) shall apply with respect to years of service
21 described in section 428J(b)(1) of the Higher Education
22 Act of 1965 (as amended by such subsection) that begin
23 on or after July 1, 1998.

1 **TITLE II—TAX CREDITS FOR**
2 **TEACHING**

3 **SEC. 201. \$1,000 CREDIT FOR FULL-TIME PUBLIC ELEMEN-**
4 **TARY AND SECONDARY SCHOOL TEACHERS.**

5 (a) IN GENERAL.—Subpart A of part IV of sub-
6 chapter A of chapter 1 of the Internal Revenue Code of
7 1986 (relating to nonrefundable personal credits) is
8 amended by inserting after section 25A the following new
9 section:

10 **“SEC. 25B. CREDIT FOR FULL-TIME PUBLIC ELEMENTARY**
11 **AND SECONDARY SCHOOL TEACHERS.**

12 “(a) IN GENERAL.—In the case of an eligible indi-
13 vidual, there shall be allowed as a credit against the tax
14 imposed by this chapter for the taxable year the amount
15 of \$1,000.

16 “(b) ELIGIBLE INDIVIDUAL.—For purposes of sub-
17 section (a), the term ‘eligible individual’ means any indi-
18 vidual who, for the academic year ending in the taxable
19 year, was a full-time teacher at a public elementary or sec-
20 ondary school.

21 “(c) REDUCTION OF CREDIT WHERE LOAN FOR-
22 GIVEN BY REASON OF TEACHING.—The \$1,000 amount
23 in subsection (a) shall be reduced (but not below zero) by
24 the amount of any loan for the education of the individual

1 which is forgiven or canceled during the taxable year by
2 reason of being such a teacher.”

3 (b) CLERICAL AMENDMENT.—The table of sections
4 for such subpart A is amended by inserting after the item
5 relating to section 25A the following new item:

“Sec. 25B. Credit for full-time public elementary and secondary
school teachers.”

6 (c) EFFECTIVE DATE.—The amendments made by
7 this section apply to taxable years beginning after the date
8 of the enactment of this Act.

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