

107TH CONGRESS  
2D SESSION

# H. R. 5402

To amend the Internal Revenue Code of 1986 to repeal the limitations on the deduction for interest on education loans and to make the deduction, as amended, permanent.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 18, 2002

Mr. ISRAEL introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to repeal the limitations on the deduction for interest on education loans and to make the deduction, as amended, permanent.

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 “Reducing Education  
5 Loan Repayment Act of 2002”.

6 **SEC. 2. FINDINGS; PURPOSE.**

7 (a) FINDINGS.—The Congress finds as follows:

1           (1) Working families, because of their high stu-  
2           dent loans, have difficulty saving for their children's  
3           education.

4           (2) The average tuition for four years of college  
5           is \$15,000 to \$32,000.

6           (3) The average college graduate with student  
7           loan debt begins working with \$11,000 to \$18,000  
8           of debt.

9           (4) Education is an American value, and going  
10          to school should be encouraged by American public  
11          policy.

12          (5) Education benefits not only the educated  
13          person but also the entire community.

14          (6) Education is important for everyone in the  
15          United States, regardless of income level.

16          (7) The interest on education loans is the bulk  
17          of student loan payments in the first years after  
18          graduation, which creates great financial hardships  
19          on new graduates.

20          (8) High debt burdens too often limit a per-  
21          son's occupational choices.

22          (9) The mortgage interest deduction encourages  
23          home ownership in America, giving more Americans  
24          a stable investment they can count on for decades.

1           (10) Education is another investment that can  
2           be counted to increase earning potential for decades.

3           (b) PURPOSE.—The purpose of this Act is to equalize  
4 the tax treatment of student loan interest and mortgage  
5 interest.

6 **SEC. 3. REPEAL OF LIMITATIONS ON DEDUCTIONS FOR IN-**  
7 **TEREST ON EDUCATION LOANS.**

8           (a) IN GENERAL.—Section 221 of the Internal Rev-  
9 enue Code of 1986 (relating to interest on education  
10 loans) is amended—

11           (1) by striking subsections (b) and (f), and

12           (2) by redesignating subsections (c), (d), and  
13           (e) as subsections (b), (c), and (d), respectively.

14           (b) DEDUCTION MADE PERMANENT.—Section 901 of  
15 the Economic Growth and Tax Relief Reconciliation Act  
16 of 2001 is amended by adding at the end the following  
17 new subsection:

18           “(c) EXCEPTION.—Subsections (a) and (b) shall not  
19 apply with respect to the amendments made by this Act  
20 to section 221 of the Internal Revenue Code of 1986.”.

21           (c) CONFORMING AMENDMENT.—Section 6050S(e)  
22 of such Code is amended by striking “221(d)(1)” and in-  
23 serting “221(c)(1)”.

1       (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to interest paid after December  
3 31, 2002, in taxable years beginning after such date.

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