

113TH CONGRESS
2D SESSION

H. R. 4020

To amend the Internal Revenue Code of 1986 to allow certain discharged student loan debt to be included in gross income ratably over 15 years and to disregard such income in determining eligibility for Federal means-tested programs.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 6, 2014

Ms. PINGREE of Maine introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow certain discharged student loan debt to be included in gross income ratably over 15 years and to disregard such income in determining eligibility for Federal means-tested programs.

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 Tax Repayment Act of 2014”.

1 **SEC. 2. 15-YEAR RATABLE INCLUSION OF CANCELLED STU-**
 2 **DENT LOAN DEBT.**

3 (a) IN GENERAL.—Subchapter Q 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—RATABLE INCLUSION OF CERTAIN**
 7 **INCOME**

“Sec. 1351A. 15-year ratable inclusion of cancelled student loan debt.

8 **“SEC. 1351A. 15-YEAR RATABLE INCLUSION OF CANCELLED**
 9 **STUDENT LOAN DEBT.**

10 “(a) IN GENERAL.—In the case of any individual who
 11 elects the application of this section for any taxable year,
 12 any amount which (but for this section) would be includ-
 13 ible in gross income for the taxable year by reason of the
 14 discharge (in whole or in part) of any student loan (as
 15 defined by section 108(f)(2)) by reason of death or dis-
 16 ability shall be so included ratably over the 15-taxable-
 17 year period beginning with the taxable year of such dis-
 18 charge.

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

21 “(1) IN GENERAL.—The amount taken into ac-
 22 count under subsection (a) shall not exceed the
 23 amount which (but for this subsection) would be so
 24 taken into account, reduced by the excess (if any)
 25 of—

1 “(A) the modified adjusted gross income of
 2 the taxpayer for the taxable year of the dis-
 3 charge, over

4 “(B) \$80,000 (\$160,000 in the case of a
 5 joint return).

6 “(2) MODIFIED ADJUSTED GROSS INCOME.—
 7 The term ‘modified adjusted gross income’ means
 8 the adjusted gross income of the taxpayer for the
 9 taxable year determined—

10 “(A) without regard to this section and
 11 sections 911, 931, and 933, and

12 “(B) after the application of sections 86,
 13 135, 137, 199, 219, 221, 222, and 469.

14 “(c) SPECIAL RULES.—

15 “(1) DEATH OF STUDENT.—In the case of any
 16 discharge of a student loan by reason of the death
 17 of an individual to whom the loan was made, no
 18 election under this section may be made by or on be-
 19 half of such individual.

20 “(2) ELECTION.—Any election made under this
 21 section, once made, shall be irrevocable.”.

22 (b) CONFORMING AMENDMENTS.—

23 (1) Sections 86(b)(2)(A), 135(c)(4)(A),
 24 137(b)(3)(A), 221(b)(2)(C)(i), 222(b)(2)(C)(i) are

1 each amended by striking “and 933” and inserting
 2 “933, and 1351A”.

3 (2) Section 199(d)(2)(B) of such Code is
 4 amended by inserting “and section 1351A” before
 5 the period at the end.

6 (3) Section 219(g)(3)(A)(ii) is amended by
 7 striking “and 911” and inserting “911, and
 8 1351A”.

9 (4) Section 469(i)(3)(F)(iii) of such Code is
 10 amended by striking “and 222” and inserting “222,
 11 and 1351A”.

12 (c) CLERICAL AMENDMENT.—The table of parts for
 13 subchapter Q of chapter 1 of such Code is amended by
 14 adding at the end the following new item:

“PART VIII. RATABLE INCLUSION OF CERTAIN INCOME”.

15 (d) EFFECTIVE DATE.—The amendments made by
 16 this section shall apply to discharges of indebtedness after
 17 the date of the enactment of this Act.

18 **SEC. 3. STUDENT LOAN DEBT CANCELLED BY REASON OF**
 19 **DEATH OR DISABILITY DISREGARDED FOR**
 20 **FEDERAL MEAN-TESTED PROGRAMS.**

21 The discharge of any student loan (as defined by sec-
 22 tion 108(f)(2) of the Internal Revenue Code of 1986) by
 23 reason of death or disability, and any income attributable

- 1 thereto, shall be disregarded for purposes of determining
- 2 eligibility for any Federal means-tested program.

