

114TH CONGRESS
2D SESSION

H. R. 5617

To amend the Internal Revenue Code of 1986 to exclude from gross income any discharge of student loan indebtedness.

IN THE HOUSE OF REPRESENTATIVES

JULY 1, 2016

Mr. POCAN (for himself, Mr. NOLAN, Ms. WILSON of Florida, Mr. GRIJALVA, Mr. TAKANO, Mr. McDERMOTT, Ms. NORTON, Ms. MOORE, Ms. BONAMICI, Mr. SARBANES, Mr. HINOJOSA, Mr. ELLISON, Mr. McGOVERN, Mr. DEFazio, Ms. VELÁZQUEZ, and Mr. SCOTT of Virginia) 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 exclude from gross income any discharge of student loan indebtedness.

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 “Underwater Student
5 Borrowers Act”.

1 **SEC. 2. EXCLUSION FROM GROSS INCOME FOR DISCHARGE**
2 **OF STUDENT LOAN INDEBTEDNESS.**

3 (a) IN GENERAL.—Paragraph (1) of section 108(f)
4 of the Internal Revenue Code of 1986 is amended to read
5 as follows:

6 “(1) IN GENERAL.—In the case of an indi-
7 vidual, gross income does not include any amount
8 which (but for this subsection) would be includible in
9 gross income by reason of the discharge (in whole or
10 in part) of any student loan if such discharge was
11 pursuant to—

12 “(A) a provision of such loan under which
13 all or part of the indebtedness of the individual
14 would be discharged if the individual worked for
15 a certain period of time in certain professions
16 for any of a broad class of employers,

17 “(B) subsections (d)(1)(D) and (e)(7) of
18 section 455 or section 493C(b)(7) of the Higher
19 Education Act of 1965 (relating to income con-
20 tingent and income-based repayment, respec-
21 tively),

22 “(C) section 437 of the Higher Education
23 Act of 1965, or

24 “(D) subsections (c)(1)(F) and (g) of sec-
25 tion 464 of the Higher Education Act of
26 1965.”.

1 (b) STUDENT LOANS.—Paragraph (2) of section
2 108(f) of such Code is amended by striking “made by—
3 ” and all that follows and inserting the following: “. Such
4 term includes indebtedness used to refinance indebtedness
5 which qualifies as a student loan under the preceding sen-
6 tence.”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to discharges of indebtedness after
9 the date of the enactment of this Act.

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