

114TH CONGRESS
2D SESSION

H. R. 6191

To amend the Internal Revenue Code of 1986 to include student loan repayers as members of targeted groups for purposes of the work opportunity credit and to provide for a credit against tax for student loan program startup costs.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 27, 2016

Mr. ROSS 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 include student loan repayers as members of targeted groups for purposes of the work opportunity credit and to provide for a credit against tax for student loan program startup costs.

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 Repay-
5 ment Act of 2016”.

1 **SEC. 2. INCLUSION OF STUDENT LOAN REPAYERS FOR PUR-**
2 **POSES OF WORK OPPORTUNITY CREDIT.**

3 (a) IN GENERAL.—Section 51(d)(1) of the Internal
4 Revenue Code of 1986 is amended by striking “or” at the
5 end of subparagraph (I), by striking the period at the end
6 of subparagraph (J) and inserting “, or”, and by adding
7 at the end the following new subparagraph:

8 “(K) a qualified student loan repayer.”.

9 (b) QUALIFIED STUDENT LOAN REPAYER DE-
10 FINED.—Section 51(d) of such Code is amended by adding
11 at the end the following new paragraph:

12 “(16) QUALIFIED STUDENT LOAN REPAYER.—

13 The term ‘qualified student loan repayer’ means any
14 individual who is certified by the designated local
15 agency as—

16 “(A) having at least an associate’s degree;
17 and

18 “(B) having outstanding qualified edu-
19 cation loans (as defined in section 221) of not
20 less than \$10,000.”.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall apply with respect to individuals who
23 begin work for the employer after the date of the enact-
24 ment of this Act.

1 **SEC. 3. STUDENT LOAN PROGRAM STARTUP COSTS CREDIT.**

2 (a) IN GENERAL.—Subpart D of part IV of sub-
3 chapter A of chapter 1 of the Internal Revenue Code of
4 1986 is amended by adding at the end the following new
5 section:

6 **“SECTION 45S. STUDENT LOAN PROGRAM STARTUP COSTS**
7 **CREDIT.**

8 “(a) IN GENERAL.—For purposes of section 38, in
9 the case of an eligible employer, the student loan program
10 startup costs credit determined under this section for any
11 taxable year is an amount equal to 50 percent of the quali-
12 fied startup costs paid or incurred by the taxpayer during
13 the taxable year.

14 “(b) DOLLAR LIMITATION.—The amount of the cred-
15 it determined under this section for any taxable year for
16 a qualified employer shall not exceed—

17 “(1) for the first credit year and each of the 2
18 taxable years immediately following the first credit
19 year, the product of—

20 “(A) \$500, multiplied by

21 “(B) the number of employees partici-
22 pating during such taxable year in an eligible
23 employer plan for which the employer is eligible
24 for a credit under this section, and

25 “(2) for any other taxable year, zero.

1 “(c) ELIGIBLE EMPLOYER.—For purposes of this
 2 section, the term ‘eligible employer’ means an employer
 3 if such employer, or any member of any controlled group
 4 including the employer (or any predecessor of either), dur-
 5 ing the 3-taxable-year period immediately preceding the
 6 1st taxable year for which the credit under this section
 7 is otherwise allowable for a qualified employer plan of the
 8 employer, has not established or maintained a qualified
 9 employer plan with respect to which contributions were
 10 made, or benefits were accrued, for substantially the same
 11 employees as are in the qualified employer plan.

12 “(d) OTHER DEFINITIONS.—For purposes of this
 13 section—

14 “(1) QUALIFIED STARTUP COSTS.—

15 “(A) IN GENERAL.—The term ‘qualified
 16 startup costs’ means any ordinary and nec-
 17 essary expenses of an eligible employer which
 18 are paid or incurred in connection with the es-
 19 tablishment or administration of an eligible em-
 20 ployer plan. Such term shall not include any
 21 payment made to, or on behalf of, any employee
 22 pursuant to such plan.

23 “(B) PLAN MUST HAVE AT LEAST 1 PAR-
 24 TICIPANT.—Such term shall not include any ex-
 25 pense in connection with a plan that does not

1 have at least 1 employee eligible to participate
2 who is not a highly compensated employee.

3 “(2) ELIGIBLE EMPLOYER PLAN.—The term
4 ‘eligible employer plan’ means a student loan repay-
5 ment plan administered by an employer through
6 which the employer provides, for each employee for
7 each year, qualified matching contributions.

8 “(3) QUALIFIED MATCHING CONTRIBUTION.—
9 The term ‘qualified matching contribution’ means an
10 employer contribution made to an eligible employer
11 plan on behalf of an employee on account of an em-
12 ployee contribution made by such employee if such
13 employer contribution is at least the lesser of—

14 “(A) the amount of such employee con-
15 tribution, and

16 “(B) \$2,000.

17 “(4) FIRST CREDIT YEAR.—The term ‘first
18 credit year’ means—

19 “(A) the taxable year which includes the
20 date that the eligible employer plan to which
21 such costs relate becomes effective, or

22 “(B) at the election of the eligible em-
23 ployer, the taxable year preceding the taxable
24 year referred to in subparagraph (A).

1 “(e) SPECIAL RULES.—For purposes of this sec-
2 tion—

3 “(1) AGGREGATION RULES.—All persons treat-
4 ed as a single employer under subsection (a) or (b)
5 of section 52, or subsection (m) or (o) of section
6 414, shall be treated as one person. All eligible em-
7 ployer plans shall be treated as 1 eligible employer
8 plan.

9 “(2) DISALLOWANCE OF DEDUCTION.—No de-
10 duction shall be allowed for that portion of the quali-
11 fied startup costs paid or incurred for the taxable
12 year which is equal to the credit determined under
13 subsection (a).

14 “(3) DEDUCTION FOR MATCHING CONTRIBU-
15 TION.—For deductions for qualified matching con-
16 tributions, see section 162.

17 “(4) ELECTION NOT TO CLAIM CREDIT.—This
18 section shall not apply to a taxpayer for any taxable
19 year if such taxpayer elects to have this section not
20 apply for such taxable year.”.

21 (b) CONFORMING AMENDMENTS.—

22 (1) IN GENERAL.—Subsection (b) of section 38
23 is amended by striking “plus” at the end of para-
24 graph (35), by striking the period at the end of

1 paragraph (36) and inserting “, plus”, and by add-
 2 ing at the end the following new paragraph:

3 “(37) the student loan program startup costs
 4 credit determined under section 45S(a).”.

5 (2) DEDUCTION FOR UNUSED CREDIT.—Sub-
 6 section (c) of section 196 is amended by striking
 7 “and” at the end of paragraph (13), by striking the
 8 period at the end of paragraph (14) and inserting “,
 9 and”, and by adding at the end the following new
 10 paragraph:

11 “(15) the student loan program startup
 12 costs credit determined under section 45S(a).”.

13 (c) CLERICAL AMENDMENT.—The table of sections
 14 for subpart D of part IV of subchapter A of chapter 1
 15 is amended by adding at the end the following new item:

“Sec. 45S. Student loan program startup costs credit.”.

16 (d) EFFECTIVE DATE.—The amendments made by
 17 this section shall apply to taxable years beginning after
 18 December 31, 2016.

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