

115TH CONGRESS
1ST SESSION

H. R. 2477

To amend the Higher Education Act of 1965 to provide for the refinancing of certain Federal student loans, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 17, 2017

Mr. COURTNEY (for himself, Ms. ADAMS, Mr. AGUILAR, Ms. BARRAGÁN, Mr. BEYER, Mr. BLUMENAUER, Ms. BONAMICI, Mr. BRENDAN F. BOYLE of Pennsylvania, Ms. BROWNLEY of California, Mrs. BUSTOS, Mr. CARBAJAL, Mr. CARTWRIGHT, Ms. CASTOR of Florida, Ms. JUDY CHU of California, Mr. CICILLINE, Mr. COHEN, Mr. CONNOLLY, Mr. CORREA, Mr. CUMMINGS, Mr. DEFazio, Ms. DEGETTE, Ms. DELAURO, Ms. DELBENE, Mr. DESAULNIER, Mrs. DINGELL, Ms. ESHOO, Ms. ESTY of Connecticut, Mr. EVANS, Mr. FOSTER, Mr. GRIJALVA, Mr. GUTIÉRREZ, Ms. HANABUSA, Mr. HASTINGS, Mr. HOYER, Ms. JAYAPAL, Mr. JOHNSON of Georgia, Mr. KILDEE, Mr. LANGEVIN, Mr. LARSON of Connecticut, Mrs. LAWRENCE, Mr. LAWSON of Florida, Mr. LEVIN, Mr. LOEBSACK, Mr. LOWENTHAL, Mrs. LOWEY, Mr. BEN RAY LUJÁN of New Mexico, Ms. MICHELLE LUJAN GRISHAM of New Mexico, Mr. LYNCH, Mrs. CAROLYN B. MALONEY of New York, Mr. SEAN PATRICK MALONEY of New York, Ms. MATSUI, Mr. MCGOVERN, Mr. MOULTON, Mr. NORCROSS, Ms. NORTON, Mr. O’ROURKE, Mr. PAYNE, Mr. PERLMUTTER, Ms. PINGREE, Mr. RASKIN, Miss RICE of New York, Mr. RYAN of Ohio, Mr. SABLAN, Ms. SÁNCHEZ, Ms. SCHAKOWSKY, Mr. SCHIFF, Mr. SCOTT of Virginia, Mr. SERRANO, Ms. SHEA-PORTER, Mr. SHERMAN, Ms. SLAUGHTER, Mr. SOTO, Mr. SWALWELL of California, Ms. TITUS, Mrs. TORRES, Ms. TSONGAS, Ms. VELÁZQUEZ, Mr. VISCLOSKY, Ms. WASSERMAN SCHULTZ, Mr. WELCH, Mr. YARMUTH, Mr. ENGEL, Mr. POCAN, Mr. DELANEY, Ms. CLARK of Massachusetts, Mr. CAPUANO, Mr. KENNEDY, Mr. NEAL, Mr. KILMER, Mr. KIND, Mr. CONYERS, Ms. SEWELL of Alabama, Mr. MICHAEL F. DOYLE of Pennsylvania, Mr. BRADY of Pennsylvania, Mr. CLEAVER, Mr. JEFFRIES, Mr. KEATING, Ms. KAPTUR, Mrs. DAVIS of California, Ms. BASS, Mr. DOGGETT, Ms. FUDGE, Ms. KUSTER of New Hampshire, Mr. LEWIS of Georgia, Ms. MOORE, Mr. PASCRELL, Mr. THOMPSON of California, Mr. VARGAS, Mr. HECK, Mr. PALLONE, Mr. CÁRDENAS, Mr. THOMPSON of Mississippi, Mr. PRICE of North Carolina, Mr. NOLAN, Ms. SPEIER, Mr. TAKANO, Ms. WILSON of Florida, Mr. ELLISON, Ms. CLARKE of New York, Mr. HUFFMAN, Mr. CARSON of Indiana, Ms. LOFGREN, Mr. WALZ, and Mr. SARBANES) in-

troduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committees on Ways and Means, and the Budget, 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 provide for the refinancing of certain Federal student loans, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Bank on Students Emergency Loan Refinancing Act”.

TITLE I—REFINANCING PROGRAMS

SEC. 101. REFINANCING PROGRAMS.

(a) PROGRAM AUTHORITY.—Section 451(a) of the Higher Education Act of 1965 (20 U.S.C. 1087a(a)) is amended—

(1) by striking “and (2)” and inserting “(2)”; and

and

(2) by inserting “; and (3) to make loans under section 460A and section 460B” after “section 459A”.

1 (b) REFINANCING PROGRAM.—Part D of title IV of
 2 the Higher Education Act of 1965 (20 U.S.C. 1087a et
 3 seq.) is amended by adding at the end the following:

4 **“SEC. 460A. REFINANCING FFEL AND FEDERAL DIRECT**
 5 **LOANS.**

6 “(a) IN GENERAL.—Beginning not later than 180
 7 days after the date of enactment of the Bank on Students
 8 Emergency Loan Refinancing Act, the Secretary shall es-
 9 tablish a program under which the Secretary, upon the
 10 receipt of an application from a qualified borrower, makes
 11 a loan under this part, in accordance with the provisions
 12 of this section, in order to permit the borrower to obtain
 13 the interest rate provided under subsection (c).

14 “(b) REFINANCING DIRECT LOANS.—

15 “(1) FEDERAL DIRECT LOANS.—Upon applica-
 16 tion of a qualified borrower, the Secretary shall
 17 repay a Federal Direct Stafford Loan, a Federal Di-
 18 rect Unsubsidized Stafford Loan, a Federal Direct
 19 PLUS Loan, or a Federal Direct Consolidation
 20 Loan of the qualified borrower, for which the first
 21 disbursement was made, or the application for the
 22 consolidation loan was received, before July 1, 2017,
 23 with the proceeds of a refinanced Federal Direct
 24 Stafford Loan, a Federal Direct Unsubsidized Staf-
 25 ford Loan, a Federal Direct PLUS Loan, or a Fed-

1 eral Direct Consolidation Loan, respectively, issued
2 to the borrower in an amount equal to the sum of
3 the unpaid principal, accrued unpaid interest, and
4 late charges of the original loan.

5 “(2) REFINANCING FFEL PROGRAM LOANS AS
6 REFINANCED FEDERAL DIRECT LOANS.—Upon ap-
7 plication of a qualified borrower for any loan that
8 was made, insured, or guaranteed under part B and
9 for which the first disbursement was made, or the
10 application for the consolidation loan was received,
11 before July 1, 2010, the Secretary shall make a loan
12 under this part, in an amount equal to the sum of
13 the unpaid principal, accrued unpaid interest, and
14 late charges of the original loan to the borrower in
15 accordance with the following:

16 “(A) The Secretary shall pay the proceeds
17 of such loan to the eligible lender of the loan
18 made, insured, or guaranteed under part B, in
19 order to discharge the borrower from any re-
20 maining obligation to the lender with respect to
21 the original loan.

22 “(B) A loan made under this section that
23 was originally—

1 “(i) a loan originally made, insured,
2 or guaranteed under section 428 shall be a
3 Federal Direct Stafford Loan;

4 “(ii) a loan originally made, insured,
5 or guaranteed under section 428B shall be
6 a Federal Direct PLUS Loan;

7 “(iii) a loan originally made, insured,
8 or guaranteed under section 428H shall be
9 a Federal Direct Unsubsidized Stafford
10 Loan; and

11 “(iv) a loan originally made, insured,
12 or guaranteed under section 428C shall be
13 a Federal Direct Consolidation Loan.

14 “(C) The interest rate for each loan made
15 by the Secretary under this paragraph shall be
16 the rate provided under subsection (c).

17 “(c) INTEREST RATES.—

18 “(1) IN GENERAL.—The interest rate for the
19 refinanced Federal Direct Stafford Loans, Federal
20 Direct Unsubsidized Stafford Loans, Federal Direct
21 PLUS Loans, and Federal Direct Consolidation
22 Loans, shall be a rate equal to—

23 “(A) in any case where the original loan
24 was a loan under section 428 or 428H, a Fed-
25 eral Direct Stafford loan, or a Federal Direct

1 Unsubsidized Stafford Loan, that was issued to
2 an undergraduate student, a rate equal to the
3 rate for Federal Direct Stafford Loans and
4 Federal Direct Unsubsidized Stafford Loans
5 issued to undergraduate students for the 12-
6 month period beginning on July 1, 2016, and
7 ending on June 30, 2017;

8 “(B) in any case where the original loan
9 was a loan under section 428 or 428H, a Fed-
10 eral Direct Stafford Loan, or a Federal Direct
11 Unsubsidized Stafford Loan, that was issued to
12 a graduate or professional student, a rate equal
13 to the rate for Federal Direct Unsubsidized
14 Stafford Loans issued to graduate or profes-
15 sional students for the 12-month period begin-
16 ning on July 1, 2016, and ending on June 30,
17 2017;

18 “(C) in any case where the original loan
19 was a loan under section 428B or a Federal Di-
20 rect PLUS Loan, a rate equal to the rate for
21 Federal Direct PLUS Loans for the 12-month
22 period beginning on July 1, 2016, and ending
23 on June 30, 2017; and

24 “(D) in any case where the original loan
25 was a loan under section 428C or a Federal Di-

1 rect Consolidation Loan, a rate calculated in ac-
2 cordance with paragraph (2).

3 “(2) INTEREST RATES FOR CONSOLIDATION
4 LOANS.—

5 “(A) METHOD OF CALCULATION.—In
6 order to determine the interest rate for any re-
7 financed Federal Direct Consolidation Loan
8 under paragraph (1)(D), the Secretary shall—

9 “(i) determine each of the component
10 loans that were originally consolidated in
11 the loan under section 428C or the Federal
12 Direct Consolidation Loan, and calculate
13 the proportion of the unpaid principal bal-
14 ance of the loan under section 428C or the
15 Federal Direct Consolidation Loan that
16 each component loan represents;

17 “(ii) use the proportions determined
18 in accordance with clause (i) and the inter-
19 est rate applicable for each component
20 loan, as determined under subparagraph
21 (B), to calculate the weighted average of
22 the interest rates on the loans consolidated
23 into the loan under section 428C or the
24 Federal Direct Consolidation Loan; and

1 “(iii) apply the weighted average cal-
2 culated under clause (ii) as the interest
3 rate for the refinanced Federal Direct Con-
4 solidation Loan.

5 “(B) INTEREST RATES FOR COMPONENT
6 LOANS.—The interest rates for the component
7 loans of a loan made under section 428C or a
8 Federal Direct Consolidation Loan shall be the
9 following:

10 “(i) The interest rate for any loan
11 under section 428 or 428H, Federal Direct
12 Stafford Loan, or Federal Direct Unsub-
13 sidized Stafford Loan issued to an under-
14 graduate student shall be a rate equal to
15 the lesser of—

16 “(I) the rate for Federal Direct
17 Stafford Loans and Federal Direct
18 Unsubsidized Stafford Loans issued
19 to undergraduate students for the 12-
20 month period beginning on July 1,
21 2016, and ending on June 30, 2017;
22 or

23 “(II) the original interest rate of
24 the component loan.

1 “(ii) The interest rate for any loan
2 under section 428 or 428H, Federal Direct
3 Stafford Loan, or Federal Direct Unsub-
4 sidized Stafford Loan issued to a graduate
5 or professional student shall be a rate
6 equal to the lesser of—

7 “(I) the rate for Federal Direct
8 Unsubsidized Stafford Loans issued
9 to graduate or professional students
10 for the 12-month period beginning on
11 July 1, 2016, and ending on June 30,
12 2017; or

13 “(II) the original interest rate of
14 the component loan.

15 “(iii) The interest rate for any loan
16 under section 428B or Federal Direct
17 PLUS Loan shall be a rate equal to the
18 lesser of—

19 “(I) the rate for Federal Direct
20 PLUS Loans for the 12-month period
21 beginning on July 1, 2016, and end-
22 ing on June 30, 2017; or

23 “(II) the original interest rate of
24 the component loan.

1 “(iv) The interest rate for any compo-
2 nent loan that is a loan under section
3 428C or a Federal Direct Consolidation
4 Loan shall be the weighted average of the
5 interest rates that would apply under this
6 subparagraph for each loan comprising the
7 component consolidation loan.

8 “(v) The interest rate for any eligible
9 loan that is a component of a loan made
10 under section 428C or a Federal Direct
11 Consolidation Loan and is not described in
12 clauses (i) through (iv) shall be the inter-
13 est rate on the original component loan.

14 “(3) FIXED RATE.—The applicable rate of in-
15 terest determined under paragraph (1) for a refi-
16 nanced loan under this section shall be fixed for the
17 period of the loan.

18 “(d) TERMS AND CONDITIONS OF LOANS.—

19 “(1) IN GENERAL.—A loan that is refinanced
20 under this section shall have the same terms and
21 conditions as the original loan, except as otherwise
22 provided in this section.

23 “(2) NO AUTOMATIC EXTENSION OF REPAY-
24 MENT PERIOD.—Refinancing a loan under this sec-
25 tion shall not result in the extension of the duration

1 of the repayment period of the loan, and the bor-
2 rower shall retain the same repayment term that
3 was in effect on the original loan. Nothing in this
4 paragraph shall be construed to prevent a borrower
5 from electing a different repayment plan at any time
6 in accordance with section 455(d)(3).

7 “(e) DEFINITION OF QUALIFIED BORROWER.—

8 “(1) IN GENERAL.—For purposes of this sec-
9 tion, the term ‘qualified borrower’ means a bor-
10 rower—

11 “(A) of a loan under this part or part B
12 for which the first disbursement was made, or
13 the application for a consolidation loan was re-
14 ceived, before July 1, 2017; and

15 “(B) who meets the eligibility requirements
16 based on income or debt-to-income ratio estab-
17 lished by the Secretary.

18 “(2) INCOME REQUIREMENTS.—Not later than
19 180 days after the date of enactment of the Bank
20 on Students Emergency Loan Refinancing Act, the
21 Secretary shall establish eligibility requirements
22 based on income or debt-to-income ratio that take
23 into consideration providing access to refinancing
24 under this section for borrowers with the greatest fi-
25 nancial need.

1 “(f) NOTIFICATION TO BORROWERS.—The Secretary,
 2 in coordination with the Director of the Bureau of Con-
 3 sumer Financial Protection, shall undertake a campaign
 4 to alert borrowers of loans that are eligible for refinancing
 5 under this section that the borrowers are eligible to apply
 6 for such refinancing. The campaign shall include the fol-
 7 lowing activities:

8 “(1) Developing consumer information mate-
 9 rials about the availability of Federal student loan
 10 refinancing.

11 “(2) Requiring servicers of loans under this
 12 part or part B to provide such consumer information
 13 to borrowers in a manner determined appropriate by
 14 the Secretary, in consultation with the Director of
 15 the Bureau of Consumer Financial Protection.

16 **“SEC. 460B. FEDERAL DIRECT REFINANCED PRIVATE LOAN**
 17 **PROGRAM.**

18 “(a) DEFINITIONS.—In this section:

19 “(1) ELIGIBLE PRIVATE EDUCATION LOAN.—
 20 The term ‘eligible private education loan’ means a
 21 private education loan, as defined in section 140(a)
 22 of the Truth in Lending Act (15 U.S.C. 1650(a)),
 23 that—

24 “(A) was disbursed to the borrower before
 25 July 1, 2017; and

1 “(B) was for the borrower’s own postsec-
2 ondary educational expenses for an eligible pro-
3 gram at an institution of higher education par-
4 ticipating in the loan program under this part,
5 as of the date that the loan was disbursed.

6 “(2) FEDERAL DIRECT REFINANCED PRIVATE
7 LOAN.—The term ‘Federal Direct Refinanced Pri-
8 vate Loan’ means a loan issued under subsection
9 (b)(1).

10 “(3) PRIVATE EDUCATIONAL LENDER.—The
11 term ‘private educational lender’ has the meaning
12 given the term in section 140(a) of the Truth in
13 Lending Act (15 U.S.C. 1650(a)).

14 “(4) QUALIFIED BORROWER.—The term ‘quali-
15 fied borrower’ means an individual who—

16 “(A) has an eligible private education loan;

17 “(B) has been current on payments on the
18 eligible private education loan for the 6 months
19 prior to the date of the qualified borrower’s ap-
20 plication for refinancing under this section, and
21 is in good standing on the loan at the time of
22 such application;

23 “(C) is not in default on the eligible pri-
24 vate education loan or on any loan made, in-

1 sured, or guaranteed under this part or part B
2 or E; and

3 “(D) meets the eligibility requirements de-
4 scribed in subsection (b)(2).

5 “(b) PROGRAM AUTHORIZED.—

6 “(1) IN GENERAL.—The Secretary, in consulta-
7 tion with the Secretary of Treasury, shall carry out
8 a program under which the Secretary, upon applica-
9 tion by a qualified borrower who has an eligible pri-
10 vate education loan, shall issue such borrower a loan
11 under this part in accordance with the following:

12 “(A) The loan issued under this program
13 shall be in an amount equal to the sum of the
14 unpaid principal, accrued unpaid interest, and
15 late charges of the private education loan.

16 “(B) The Secretary shall pay the proceeds
17 of the loan issued under this program to the
18 private educational lender of the private edu-
19 cation loan, in order to discharge the qualified
20 borrower from any remaining obligation to the
21 lender with respect to the original loan.

22 “(C) The Secretary shall require that the
23 qualified borrower undergo loan counseling that
24 provides all of the information and counseling
25 required under clauses (i) through (viii) of sec-

1 tion 485(b)(1)(A) before the loan is refinanced
2 in accordance with this section, and before the
3 proceeds of such loan are paid to the private
4 educational lender.

5 “(D) The Secretary shall issue the loan as
6 a Federal Direct Refinanced Private Loan,
7 which shall have the same terms, conditions,
8 and benefits as a Federal Direct Unsubsidized
9 Stafford Loan, except as otherwise provided in
10 this section.

11 “(2) BORROWER ELIGIBILITY.—Not later than
12 180 days after the date of enactment of the Bank
13 on Students Emergency Loan Refinancing Act, the
14 Secretary, in consultation with the Secretary of the
15 Treasury and the Director of the Bureau of Con-
16 sumer Financial Protection, shall establish eligibility
17 requirements—

18 “(A) based on income or debt-to-income
19 ratio that take into consideration providing ac-
20 cess to refinancing under this section for bor-
21 rowers with the greatest financial need;

22 “(B) to ensure eligibility only for bor-
23 rowers in good standing;

1 “(C) to minimize inequities between Fed-
2 eral Direct Refinanced Private Loans and other
3 Federal student loans;

4 “(D) to preclude windfall profits for pri-
5 vate educational lenders; and

6 “(E) to ensure full access to the program
7 authorized in this subsection for borrowers with
8 private loans who otherwise meet the criteria
9 established in accordance with subparagraphs
10 (A) and (B).

11 “(c) INTEREST RATE.—

12 “(1) IN GENERAL.—The interest rate for a
13 Federal Direct Refinanced Private Loan is—

14 “(A) in the case of a Federal Direct Refi-
15 nanced Private Loan for a private education
16 loan originally issued for undergraduate post-
17 secondary educational expenses, a rate equal to
18 the rate for Federal Direct Stafford Loans and
19 Federal Direct Unsubsidized Stafford Loans
20 issued to undergraduate students for the 12-
21 month period beginning on July 1, 2016, and
22 ending on June 30, 2017; and

23 “(B) in the case of a Federal Direct Refi-
24 nanced Private Loan for a private education
25 loan originally issued for graduate or profes-

1 sional degree postsecondary educational ex-
2 penses, a rate equal to the rate for Federal Di-
3 rect Unsubsidized Stafford Loans issued to
4 graduate or professional students for the 12-
5 month period beginning on July 1, 2016, and
6 ending on June 30, 2017.

7 “(2) COMBINED UNDERGRADUATE AND GRAD-
8 UATE STUDY LOANS.—If a Federal Direct Refi-
9 nanced Private Loan is for a private education loan
10 originally issued for both undergraduate and grad-
11 uate or professional postsecondary educational ex-
12 penses, the interest rate shall be a rate equal to the
13 rate for Federal Direct PLUS Loans for the 12-
14 month period beginning on July 1, 2016, and ending
15 on June 30, 2017.

16 “(3) FIXED RATE.—The applicable rate of in-
17 terest determined under this subsection for a Fed-
18 eral Direct Refinanced Private Loan shall be fixed
19 for the period of the loan.

20 “(d) NO INCLUSION IN AGGREGATE LIMITS.—The
21 amount of a Federal Direct Refinanced Private Loan, or
22 a Federal Direct Consolidated Loan to the extent such
23 loan was used to repay a Federal Direct Refinanced Pri-
24 vate Loan, shall not be included in calculating a bor-

1 rower’s annual or aggregate loan limits under section 428
2 or 428H.

3 “(e) NO ELIGIBILITY FOR SERVICE-RELATED RE-
4 PAYMENT.—Notwithstanding sections 428K(a)(2)(A),
5 428L(b)(2), 455(m)(3)(A), and 460(b), a Federal Direct
6 Refinanced Private Loan, or any Federal Direct Consoli-
7 dation Loan to the extent such loan was used to repay
8 a Federal Direct Refinanced Private Loan, shall not be
9 eligible for any loan repayment or loan forgiveness pro-
10 gram under section 428K, 428L, or 460 or for the repay-
11 ment plan for public service employees under section
12 455(m).

13 “(f) PRIVATE EDUCATIONAL LENDER REPORTING
14 REQUIREMENT.—

15 “(1) REPORTING REQUIRED.—Not later than
16 180 days after the date of enactment of the Bank
17 on Students Emergency Loan Refinancing Act, the
18 Secretary, in consultation with the Secretary of the
19 Treasury and the Director of the Bureau of Con-
20 sumer Financial Protection, shall establish a re-
21 quirement that private educational lenders report
22 the data described in paragraph (2) to the Sec-
23 retary, to Congress, to the Secretary of the Treas-
24 ury, and to the Director of the Bureau of Consumer

1 Financial Protection, in order to allow for an assess-
2 ment of the private education loan market.

3 “(2) CONTENTS OF REPORTING.—The data
4 that private educational lenders shall report in ac-
5 cordance with paragraph (1) shall include each of
6 the following about private education loans (as de-
7 fined in section 140(a) of the Truth in Lending Act
8 (15 U.S.C. 1650(a)):

9 “(A) The total amount of private education
10 loan debt the lender holds.

11 “(B) The total number of private edu-
12 cation loan borrowers the lender serves.

13 “(C) The average interest rate on the out-
14 standing private education loan debt held by the
15 lender.

16 “(D) The proportion of private education
17 loan borrowers who are in default on a loan
18 held by the lender.

19 “(E) The proportion of the outstanding
20 private education loan volume held by the lend-
21 er that is in default.

22 “(F) The proportions of outstanding pri-
23 vate education loan borrowers who are 30, 60,
24 and 90 days delinquent.

1 “(G) The proportions of outstanding pri-
2 vate education loan volume that is 30, 60, and
3 90 days delinquent.

4 “(g) NOTIFICATION TO BORROWERS.—The Sec-
5 retary, in coordination with the Secretary of the Treasury
6 and the Director of the Bureau of Consumer Financial
7 Protection, shall undertake a campaign to alert borrowers
8 about the availability of private student loan refinancing
9 under this section.”.

10 (c) AMENDMENTS TO PUBLIC SERVICE REPAYMENT
11 PLAN PROVISIONS.—Section 455(m) of the Higher Edu-
12 cation Act of 1965 (20 U.S.C. 1087e(m)) is amended—

13 (1) by redesignating paragraphs (3) and (4) as
14 paragraphs (4) and (5), respectively; and

15 (2) by inserting after paragraph (2) the fol-
16 lowing:

17 “(3) SPECIAL RULES FOR SECTION 460A
18 LOANS.—

19 “(A) REFINANCED FEDERAL DIRECT
20 LOANS.—Notwithstanding paragraph (1), in de-
21 termining the number of monthly payments
22 that meet the requirements of such paragraph
23 for an eligible Federal Direct Loan refinanced
24 under section 460A that was originally a loan
25 under this part, the Secretary shall include all

1 monthly payments made on the original loan
2 that meet the requirements of such paragraph.

3 “(B) REFINANCED FFEL LOANS.—In the
4 case of an eligible Federal Direct Loan refi-
5 nanced under section 460A that was originally
6 a loan under part B, only monthly payments
7 made after the date on which the loan was refi-
8 nanced may be included for purposes of para-
9 graph (1).”; and

10 (3) in paragraph (4)(A) (as redesignated by
11 paragraph (1)), by inserting “(including any Federal
12 Direct Stafford Loan, Federal Direct PLUS Loan,
13 Federal Direct Unsubsidized Stafford Loan, or Fed-
14 eral Direct Consolidation Loan refinanced under sec-
15 tion 460A)” before the period at the end.

16 (d) INCOME-BASED REPAYMENT.—Section 493C of
17 the Higher Education Act of 1965 (20 U.S.C. 1098e) is
18 amended by adding at the end the following:

19 “(f) SPECIAL RULE FOR REFINANCED LOANS.—

20 “(1) REFINANCED FEDERAL DIRECT AND FFEL
21 LOANS.—In calculating the period of time during
22 which a borrower of a loan that is refinanced under
23 section 460A has made monthly payments for pur-
24 poses of subsection (b)(7), the Secretary shall deem
25 the period to include all monthly payments made for

1 the original loan, and all monthly payments made
 2 for the refinanced loan, that otherwise meet the re-
 3 quirements of this section.

4 “(2) FEDERAL DIRECT REFINANCED PRIVATE
 5 LOANS.—In calculating the period of time during
 6 which a borrower of a Federal Direct Refinanced
 7 Private Loan under section 460B has made monthly
 8 payments for purposes of subsection (b)(7), the Sec-
 9 retary shall include only payments—

10 “(A) that are made after the date of the
 11 issuance of the Federal Direct Refinanced Pri-
 12 vate Loan; and

13 “(B) that otherwise meet the requirements
 14 of this section.”.

15 **TITLE II—FAIR SHARE TAX**

16 **SEC. 201. AMENDMENT OF 1986 CODE.**

17 Except as otherwise expressly provided, whenever in
 18 this title an amendment or repeal is expressed in terms
 19 of an amendment to, or repeal of, a section or other provi-
 20 sion, the reference shall be considered to be made to a
 21 section or other provision of the Internal Revenue Code
 22 of 1986.

23 **SEC. 202. FAIR SHARE TAX ON HIGH-INCOME TAXPAYERS.**

24 (a) IN GENERAL.—Subchapter A of chapter 1 is
 25 amended by adding at the end the following new part:

1 **“PART VII—FAIR SHARE TAX ON HIGH-INCOME**
 2 **TAXPAYERS**

“Sec. 59A. Fair share tax.

3 **“SEC. 59A. FAIR SHARE TAX.**

4 “(a) GENERAL RULE.—

5 “(1) PHASE-IN OF TAX.—In the case of any
 6 high-income taxpayer, there is hereby imposed for a
 7 taxable year (in addition to any other tax imposed
 8 by this subtitle) a tax equal to the product of—

9 “(A) the amount determined under para-
 10 graph (2), and

11 “(B) a fraction (not to exceed 1)—

12 “(i) the numerator of which is the ex-
 13 cess of—

14 “(I) the taxpayer’s adjusted
 15 gross income, over

16 “(II) the dollar amount in effect
 17 under subsection (c)(1), and

18 “(ii) the denominator of which is the
 19 dollar amount in effect under subsection
 20 (c)(1).

21 “(2) AMOUNT OF TAX.—The amount of tax de-
 22 termined under this paragraph is an amount equal
 23 to the excess (if any) of—

24 “(A) the tentative fair share tax for the
 25 taxable year, over

1 “(B) the excess of—

2 “(i) the sum of—

3 “(I) the regular tax liability (as
4 defined in section 26(b)) for the tax-
5 able year, determined without regard
6 to any tax liability determined under
7 this section,

8 “(II) the tax imposed by section
9 55 for the taxable year, plus

10 “(III) the payroll tax for the tax-
11 able year, over

12 “(ii) the credits allowable under part
13 IV of subchapter A (other than sections
14 27(a), 31, and 34).

15 “(b) TENTATIVE FAIR SHARE TAX.—For purposes
16 of this section—

17 “(1) IN GENERAL.—The tentative fair share tax
18 for the taxable year is 30 percent of the excess of—

19 “(A) the adjusted gross income of the tax-
20 payer, over

21 “(B) the modified charitable contribution
22 deduction for the taxable year.

23 “(2) MODIFIED CHARITABLE CONTRIBUTION
24 DEDUCTION.—For purposes of paragraph (1)—

1 “(A) IN GENERAL.—The modified chari-
2 table contribution deduction for any taxable
3 year is an amount equal to the amount which
4 bears the same ratio to the deduction allowable
5 under section 170 (section 642(c) in the case of
6 a trust or estate) for such taxable year as—

7 “(i) the amount of itemized deduc-
8 tions allowable under the regular tax (as
9 defined in section 55) for such taxable
10 year, determined after the application of
11 section 68, bears to

12 “(ii) such amount, determined before
13 the application of section 68.

14 “(B) TAXPAYER MUST ITEMIZE.—In the
15 case of any individual who does not elect to
16 itemize deductions for the taxable year, the
17 modified charitable contribution deduction shall
18 be zero.

19 “(c) HIGH-INCOME TAXPAYER.—For purposes of this
20 section—

21 “(1) IN GENERAL.—The term ‘high-income tax-
22 payer’ means, with respect to any taxable year, any
23 taxpayer (other than a corporation) with an adjusted
24 gross income for such taxable year in excess of

1 \$1,000,000 (50 percent of such amount in the case
2 of a married individual who files a separate return).

3 “(2) INFLATION ADJUSTMENT.—

4 “(A) IN GENERAL.—In the case of a tax-
5 able year beginning after 2018, the \$1,000,000
6 amount under paragraph (1) shall be increased
7 by an amount equal to—

8 “(i) such dollar amount, multiplied by

9 “(ii) the cost-of-living adjustment de-
10 termined under section 1(f)(3) for the cal-
11 endar year in which the taxable year be-
12 gins, determined by substituting ‘calendar
13 year 2017’ for ‘calendar year 1992’ in sub-
14 paragraph (B) thereof.

15 “(B) ROUNDING.—If any amount as ad-
16 justed under subparagraph (A) is not a multiple
17 of \$10,000, such amount shall be rounded to
18 the next lowest multiple of \$10,000.

19 “(d) PAYROLL TAX.—For purposes of this section,
20 the payroll tax for any taxable year is an amount equal
21 to the excess of—

22 “(1) the taxes imposed on the taxpayer under
23 sections 1401, 1411, 3101, 3201, and 3211(a) (to
24 the extent such tax is attributable to the rate of tax
25 in effect under section 3101) with respect to such

1 taxable year or wages or compensation received dur-
2 ing such taxable year, over

3 “(2) the deduction allowable under section
4 164(f) for such taxable year.

5 “(e) SPECIAL RULE FOR ESTATES AND TRUSTS.—
6 For purposes of this section, in the case of an estate or
7 trust, adjusted gross income shall be computed in the
8 manner described in section 67(e).

9 “(f) NOT TREATED AS TAX IMPOSED BY THIS CHAP-
10 TER FOR CERTAIN PURPOSES.—The tax imposed under
11 this section shall not be treated as tax imposed by this
12 chapter for purposes of determining the amount of any
13 credit under this chapter (other than the credit allowed
14 under section 27(a)) or for purposes of section 55.”.

15 (b) CLERICAL AMENDMENT.—The table of parts for
16 subchapter A of chapter 1 is amended by adding at the
17 end the following new item:

“PART VII—FAIR SHARE TAX ON HIGH-INCOME TAXPAYERS”.

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 December 31, 2017.

1 **TITLE III—DEFICIT NEUTRAL IM-**
2 **PLEMENTATION OF STUDENT**
3 **LOAN REFINANCING PRO-**
4 **GRAMS**

5 **SEC. 301. DEFICIT NEUTRAL IMPLEMENTATION OF STU-**
6 **DENT LOAN REFINANCING PROGRAMS;**
7 **BUDGETARY EFFECTS.**

8 (a) AMOUNT OF REVENUE.—The Secretary of Edu-
9 cation shall estimate the amount that is equal to the
10 amount of the net increase in revenue received in the
11 Treasury during the 10-year period beginning on the date
12 of enactment of this Act attributable to the amendments
13 made by title II of this Act.

14 (b) DEFICIT-NEUTRAL TERMINATION OF THE REFI-
15 NANCING PROGRAM.—The Secretary of Education shall
16 terminate the refinancing programs carried out under sec-
17 tions 460A and 460B of the Higher Education Act of
18 1965 on the date that the net cost of carrying out such
19 refinancing programs is equal to the amount of additional
20 revenue estimated under subsection (a) or on the date that
21 is 2 years after the date of enactment of this Act, which-
22 ever occurs first.

23 (c) DEFICIT REDUCTION.—Any remaining increase
24 in revenue described in subsection (a) and not used for
25 the refinancing programs carried out under sections 460A

1 and 460B of the Higher Education Act of 1965 shall be
2 returned to the general fund of the Treasury for Federal
3 budget deficit reduction.

4 (d) METHODOLOGY.—When estimating cost and rev-
5 enue under this section, the Secretary of Education shall
6 utilize the accounting methods and assumptions that are
7 used by the Congressional Budget Office, as of the date
8 of enactment of this Act, to make such estimations.

9 **SEC. 302. BUDGETARY EFFECTS.**

10 The budgetary effects of this Act and the amend-
11 ments made by this Act shall not be entered on either
12 PAYGO scorecard maintained pursuant to section 4(d) of
13 the Statutory Pay-As-You-Go Act of 2010 (2 U.S.C.
14 933(d)).

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