

116TH CONGRESS
2D SESSION

H. R. 5613

To amend the Higher Education Act of 1965 to allow qualified entrepreneurs to temporarily defer Federal student loan payments after starting a new business.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 15, 2020

Mr. GALLEGO (for himself, Mr. SWALWELL of California, and Ms. HAALAND) introduced the following bill; which was referred to the Committee on Education and Labor

A BILL

To amend the Higher Education Act of 1965 to allow qualified entrepreneurs to temporarily defer Federal student loan payments after starting a new business.

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 “Relief and Investment
5 for Student Entrepreneurs Act” or the “RISE Act”.

6 **SEC. 2. DEFERMENT OF FEDERAL STUDENT LOAN PAY-**
7 **MENTS FOR QUALIFIED ENTREPRENEURS.**

8 Section 455(f) of the Higher Education Act of 1965
9 (20 U.S.C. 1087e(f)) is amended—

1 (1) in paragraph (1)—

2 (A) by striking “or” at the end of subpara-
3 graph (A)(ii);

4 (B) by striking the period at the end of
5 subparagraph (B) and inserting “; or”; and

6 (C) by adding at the end the following:

7 “(C) notwithstanding subparagraphs (A)
8 and (B), in the case of a deferment described
9 in paragraph (2)(E), shall not accrue.”;

10 (2) in paragraph (2)—

11 (A) in subparagraph (C), by striking “or”
12 at the end;

13 (B) in subparagraph (D), by striking the
14 period at the end and inserting “; or”; and

15 (C) by adding at the end the following new
16 subparagraph:

17 “(E) subject to paragraph (5), not in ex-
18 cess of 3 years during which the borrower is a
19 qualified entrepreneur.”; and

20 (3) by adding at the end the following new
21 paragraph:

22 “(5) DEFERMENT FOR QUALIFIED ENTRE-
23 PRENEURS.—

24 “(A) DEFINITION OF QUALIFIED ENTRE-
25 PRENEUR.—For the purpose of this subsection,

1 the term ‘qualified entrepreneur’ means a bor-
2 rower who—

3 “(i) receives a degree from an institu-
4 tion of higher education during the 10-year
5 period ending on the date on which the
6 borrower requests a deferment under para-
7 graph (2)(E);

8 “(ii) registers at least 1 business enti-
9 ty in a State during the 18-month period
10 ending on the date on which the borrower
11 requests a deferment under paragraph
12 (2)(E);

13 “(iii) raises capital investment of not
14 less than \$15,000 for such business entity;
15 and

16 “(iv) has an outstanding balance of
17 principal and interest on a loan made
18 under this part of not less than \$5,000.

19 “(B) MINIMUM EMPLOYEE REQUIRE-
20 MENT.—A borrower granted deferment under
21 paragraph (2)(E) shall not be eligible to con-
22 tinue such deferment unless, on the date that is
23 1 year after the date on which such deferment
24 is granted, the borrower—

1 “(i) employs at the business entity de-
 2 scribed in subparagraph (A)(ii) not fewer
 3 than 1 full-time employee who is not the
 4 borrower or relative of the borrower; and

5 “(ii) pays such employees at a rate
 6 not less than the minimum wage pre-
 7 scribed by the State or locality in which
 8 the business entity is located.”.

9 **SEC. 3. LOAN CANCELLATION FOR ENTREPRENEURS.**

10 Part D of title IV of the Higher Education Act of
 11 1965 (20 U.S.C. 1087a et seq.) is further amended by
 12 adding at the end the following:

13 **“SEC. 460A. LOAN CANCELLATION FOR ENTREPRENEURS.**

14 “(a) PROGRAM AUTHORIZED.—The Secretary is au-
 15 thorized to carry out a program of canceling the obligation
 16 to repay a qualified loan amount in accordance with sub-
 17 section (b) for Federal Direct Stafford Loans and Federal
 18 Direct Unsubsidized Stafford Loans made under this part
 19 for any borrower who—

20 “(1) for not less than a 3-year period and not
 21 more than a 10-year period ending on the date on
 22 which the borrower requests a cancellation under
 23 this section, has owned and controlled a qualified
 24 HUBZone small business concern (as determined by
 25 the Administrator of the Small Business Administra-

1 tion), which has been registered as business in a
2 State; and

3 “(2) is not in default on a loan for which the
4 borrower seeks forgiveness.

5 “(b) QUALIFIED LOAN AMOUNT.—

6 “(1) IN GENERAL.—The Secretary shall cancel
7 not more than \$17,500 in the aggregate of the loan
8 obligation on a Federal Direct Stafford Loan or a
9 Federal Direct Unsubsidized Stafford Loan that is
10 outstanding.

11 “(2) TREATMENT OF CONSOLIDATION LOANS.—

12 A loan amount for a Federal Direct Consolidation
13 Loan may be a qualified loan amount for the pur-
14 poses of this subsection only to the extent that such
15 loan amount was used to repay a Federal Direct
16 Stafford Loan, a Federal Direct Unsubsidized Staf-
17 ford Loan, or a loan made under section 428 or
18 428H, for a borrower who meets the requirements of
19 subsection (a), as determined in accordance with
20 regulations prescribed by the Secretary.

21 “(c) PRIORITY.—The Secretary shall grant loan for-
22 giveness under this section on a first-come, first-served
23 basis, and subject to the availability of appropriations.

1 “(d) RULE OF CONSTRUCTION.—Nothing in this sec-
2 tion shall be construed to authorize the refunding of any
3 repayment of a loan.”.

4 **SEC. 4. PUBLICATION AND REPORT.**

5 (a) PUBLICATION.—The Secretary of Education and
6 the Administrator of the Small Business Administration
7 shall each make available, on publicly accessible websites
8 of the Department of Education and the Small Business
9 Administration, respectively, information on the student
10 loan deferment program for qualified entrepreneurs under
11 section 455(f) of the Higher Education Act of 1965 (20
12 U.S.C. 1087e(f)), as amended by this Act.

13 (b) REPORT TO CONGRESS.—Not later than 180 days
14 after the date of the enactment of this Act, the Secretary
15 of Education shall submit to Congress a report that in-
16 cludes—

17 (1) an assessment of the progress of the Sec-
18 retary in carrying out the student loan deferment
19 program for qualified entrepreneurs under section
20 455(f) of the Higher Education Act of 1965 (20
21 U.S.C. 1087e(f)), as amended by this Act; and

22 (2) a description of any ongoing efforts to in-
23 crease participation in such program.

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