

116TH CONGRESS
2D SESSION

H. R. 8514

To direct the Secretary of Education to cancel or repay up to \$25,000
in Federal student loans for each borrower.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 2, 2020

Mr. GONZALEZ of Texas introduced the following bill; which was referred to the Committee on Education and Labor, and in addition to the Committee on Ways and Means, 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 direct the Secretary of Education to cancel or repay
up to \$25,000 in Federal student loans for each borrower.

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 Relief
5 Act”.

6 **SEC. 2. WRITING DOWN BALANCES FOR FEDERAL STUDENT** 7 **LOAN BORROWERS.**

8 (a) IN GENERAL.—Not later than 90 days after the
9 date of enactment of this Act, the Secretary shall cancel

1 or repay an amount on the outstanding balance due (in-
2 cluding the unpaid principal amount, any accrued interest,
3 and any fees or charges) on the Federal student loans of
4 a borrower that is equal to the lesser of—

5 (1) \$25,000; or

6 (2) the total outstanding balance due on such
7 loans of the borrower.

8 (b) APPLICATION.—Unless otherwise requested by
9 the borrower in writing, a cancellation or repayment under
10 subsection (a) shall be applied—

11 (1) in the case of a borrower whose loans have
12 different applicable rates of interest, first toward the
13 outstanding balance due on the loan with the highest
14 applicable rate of interest among such loans; and

15 (2) in the case of a borrower of loans that have
16 the same applicable rates of interest, first toward
17 the outstanding balance of principal due on the loan
18 with the highest principal balance among such loans.

19 (c) DATA TO IMPLEMENT.—Contractors of the Sec-
20 retary, and holders of Federal student loans, shall report,
21 to the satisfaction of the Secretary the information nec-
22 essary to carry out this section.

23 (d) TAXATION.—For purposes of the Internal Rev-
24 enue Code of 1986, in the case of any cancellation or re-

1 payment of indebtedness under this subsection with re-
2 spect to any borrower:

3 (1) EXCLUSION FROM GROSS INCOME.—No
4 amount shall be included in the gross income of such
5 borrower by reason of such cancellation or repay-
6 ment.

7 (2) WAIVER OF INFORMATION REPORTING RE-
8 QUIREMENTS.—Amounts excluded from gross in-
9 come under paragraph (1) shall not be required to
10 be reported (and shall not be taken into account in
11 determining whether any reporting requirement ap-
12 plies) under chapter 61 of such Code.

13 (e) DEFINITIONS.—In this section:

14 (1) FEDERAL STUDENT LOAN.—The term
15 “Federal student loan” means a loan—

16 (A) made under part B, part D, or part E
17 of title IV of the Higher Education Act of 1965
18 (20 U.S.C. 1071 et seq., 1087a et seq., 1087aa
19 et seq.), and held by the Department of Edu-
20 cation; or

21 (B) made, insured, or guaranteed under
22 part B of the such title (20 U.S.C. 1071 et
23 seq.), or made under part E of such title (20
24 U.S.C. 1087qaa seq.), and not held by the De-
25 partment of Education.

- 1 (2) SECRETARY.—The term “Secretary” means
2 the Secretary of Education.

