

Public Law 108-409
108th Congress

An Act

To reduce certain special allowance payments and provide additional teacher loan
forgiveness on Federal student loans.

Oct. 30, 2004
[H.R. 5186]

*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 “Taxpayer-Teacher Protection Act of 2004”.

Taxpayer-
Teacher
Protection Act
of 2004.
20 USC 1001
note.

**SEC. 2. REDUCTION OF SPECIAL ALLOWANCE PAYMENTS FOR LOANS
FROM THE PROCEEDS OF TAX EXEMPT ISSUES.**

Section 438(b)(2)(B) (20 U.S.C. 1087-1(b)(2)(B)) is amended—

(1) in clause (i), by striking “this division” and inserting
“this clause”;

(2) in clause (ii), by striking “division (i) of this subparagraph” and inserting “clause (i) of this subparagraph”;

(3) in clause (iv), by inserting “or refunded after September 30, 2004, and before January 1, 2006,” after “October 1, 1993,”; and

(4) by adding at the end the following new clause:

“(v) Notwithstanding clauses (i) and (ii), the quarterly rate of the special allowance shall be the rate determined under subparagraph (A), (E), (F), (G), (H), or (I) of this paragraph, or paragraph (4), as the case may be, for a holder of loans that—

“(I) were made or purchased with funds—

“(aa) obtained from the issuance of obligations the income from which is excluded from gross income under the Internal Revenue Code of 1986 and which obligations were originally issued before October 1, 1993; or

“(bb) obtained from collections or default reimbursements on, or interest or other income pertaining to, eligible loans made or purchased with funds described in division (aa), or from income on the investment of such funds; and

“(II) are—

“(aa) financed by such an obligation that, after September 30, 2004, and before January 1, 2006, has matured or been retired or defeased;

“(bb) refinanced after September 30, 2004, and before January 1, 2006, with funds obtained from a source other than funds described in subclause (I) of this clause; or

“(cc) sold or transferred to any other holder after September 30, 2004, and before January 1, 2006.”.

SEC. 3. LOAN FORGIVENESS FOR TEACHERS.

(a) IMPLEMENTING HIGHLY QUALIFIED TEACHER REQUIREMENTS.—

(1) AMENDMENTS.—

(A) FFEL LOANS.—Section 428J(b)(1) of the Higher Education Act of 1965 (20 U.S.C. 1078-10(b)(1)) is amended—

(i) in subparagraph (A), by inserting “and” after the semicolon; and

(ii) by striking subparagraphs (B) and (C) and inserting the following:

“(B) if employed as an elementary school or secondary school teacher, is highly qualified as defined in section 9101 of the Elementary Secondary Education Act of 1965; and”.

(B) DIRECT LOANS.—Section 460(b)(1)(A) of such Act (20 U.S.C. 1087j(b)(1)(A)) is amended—

(i) in clause (i), by inserting “and” after the semicolon; and

(ii) by striking clauses (ii) and (iii) and inserting the following:

“(ii) if employed as an elementary school or secondary school teacher, is highly qualified as defined in section 9101 of the Elementary and Secondary Education Act of 1965; and”.

(2) TRANSITION RULE.—

(A) RULE.—The amendments made by paragraph (1) of this subsection to sections 428J(b)(1) and 460(b)(1)(A) of the Higher Education Act of 1965 shall not be applied to disqualify any individual who, before the date of enactment of this Act, commenced service that met and continues to meet the requirements of such sections as such sections were in effect on the day before the date of enactment of this Act.

(B) RULE NOT APPLICABLE TO INCREASED QUALIFIED LOAN AMOUNTS.—Subparagraph (A) of this paragraph shall not apply for purposes of obtaining increased qualified loan amounts under sections 428J(c)(3) and 460(c)(3) of the Higher Education Act of 1965 as added by subsection (b) of this section.

(b) ADDITIONAL AMOUNTS ELIGIBLE TO BE REPAYED.—

(1) FFEL LOANS.—Section 428J(c) of the Higher Education Act of 1965 (20 U.S.C. 1078-10(c)) is amended by adding at the end the following:

“(3) ADDITIONAL AMOUNTS FOR TEACHERS IN MATHEMATICS, SCIENCE, OR SPECIAL EDUCATION.—Notwithstanding the amount specified in paragraph (1), the aggregate amount that the Secretary shall repay under this section shall be not more than \$17,500 in the case of—

“(A) a secondary school teacher—

“(i) who meets the requirements of subsection (b); and

“(ii) whose qualifying employment for purposes of such subsection is teaching mathematics or science on a full-time basis; and

“(B) an elementary school or secondary school teacher—

“(i) who meets the requirements of subsection (b);

“(ii) whose qualifying employment for purposes of such subsection is as a special education teacher whose primary responsibility is to provide special education to children with disabilities (as those terms are defined in section 602 of the Individuals with Disabilities Education Act); and

“(iii) who, as certified by the chief administrative officer of the public or non-profit private elementary school or secondary school in which the borrower is employed, is teaching children with disabilities that correspond with the borrower’s special education training and has demonstrated knowledge and teaching skills in the content areas of the elementary school or secondary school curriculum that the borrower is teaching.”.

(2) DIRECT LOANS.—Section 460(c) of the Higher Education Act of 1965 (20 U.S.C. 1087j(c)) is amended by adding at the end the following:

“(3) ADDITIONAL AMOUNTS FOR TEACHERS IN MATHEMATICS, SCIENCE, OR SPECIAL EDUCATION.—Notwithstanding the amount specified in paragraph (1), the aggregate amount that the Secretary shall cancel under this section shall be not more than \$17,500 in the case of—

“(A) a secondary school teacher—

“(i) who meets the requirements of subsection (b)(1); and

“(ii) whose qualifying employment for purposes of such subsection is teaching mathematics or science on a full-time basis; and

“(B) an elementary school or secondary school teacher—

“(i) who meets the requirements of subsection (b)(1);

“(ii) whose qualifying employment for purposes of such subsection is as a special education teacher whose primary responsibility is to provide special education to children with disabilities (as those terms are defined in section 602 of the Individuals with Disabilities Education Act); and

“(iii) who, as certified by the chief administrative officer of the public or non-profit private elementary school or secondary school in which the borrower is employed, is teaching children with disabilities that correspond with the borrower’s special education training and has demonstrated knowledge and teaching skills in the content areas of the elementary school or secondary school curriculum that the borrower is teaching.”.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply only with respect to eligible individuals who are new borrowers (as such term is defined in 103 of the Higher Education Act of 1965 (20 U.S.C. 1003)) on or after October 1, 1998, and before October 1, 2005.

Applicability.
20 USC 1078-10
note.

20 USC 1078-10
note.
Notification.

(c) INFORMATION ON BENEFITS TO RURAL SCHOOL DISTRICTS.—
The Secretary shall—

- (1) notify local educational agencies eligible to participate in the Small Rural Achievement Program authorized under subpart 1 of part B of title VI of the Elementary and Secondary Education Act of 1965 of the benefits available under the amendments made by this section; and
- (2) encourage such agencies to notify their teachers of such benefits.

Approved October 30, 2004.

LEGISLATIVE HISTORY—H.R. 5186:
CONGRESSIONAL RECORD, Vol. 150 (2004):
Oct. 7, considered and passed House.
Oct. 9, considered and passed Senate.

