

109TH CONGRESS
2D SESSION

H. R. 6084

To allow for the consolidation of Federal student loans into a single direct income-contingent loan repayment program.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 14, 2006

Mr. PETRI introduced the following bill; which was referred to the Committee on Education and the Workforce, 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 allow for the consolidation of Federal student loans into a single direct income-contingent loan repayment program.

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 “Income-Dependent
5 Education Assistance Act of 2006”.

1 **TITLE I—SYSTEM FOR MAKING**
2 **INCOME-DEPENDENT EDU-**
3 **CATION ASSISTANCE LOANS**

4 **SEC. 101. PROGRAM AUTHORITY.**

5 (a) IN GENERAL.—The Secretary of the Education
6 shall, in accordance with the provisions of this title, estab-
7 lish a program to provide the borrowers of Federal student
8 loans with the option of converting their loans to income
9 contingent repayment by providing direct loans for the dis-
10 charge of such loans. Such income contingent repayment
11 loans are hereinafter in this title referred to as “direct
12 IDEA loans”.

13 (b) DURATION OF PROGRAM AUTHORITY.—

14 (1) DURATION.—The authority to conduct the
15 program authorized by subsection (a) is effective on
16 July 1, 2007, and expires on July 1, 2013.

17 (2) AUTHORITY TO PREPARE FOR PROGRAM.—

18 Notwithstanding paragraph (1), the Secretary may,
19 before July 1, 2007—

20 (A) prescribe regulations to carry out this
21 title; and

22 (B) expend funds appropriated pursuant to
23 this title to carry out activities necessary to the
24 implementation of the programs authorized by
25 subsection (a).

1 (3) LAPSE OF AUTHORITY NOT TO AFFECT OB-
 2 LIGATIONS.—The expiration of authority under
 3 paragraph (1) shall not affect the obligations of any
 4 party to any insurance or loan agreement under this
 5 title entered into before such expiration.

6 **SEC. 102. LOAN AMOUNTS, TERMS, AND CONDITIONS.**

7 (a) PARALLEL TERMS, CONDITIONS, AND BENE-
 8 FITS.—Unless otherwise specified in this title or section
 9 6307 of the Internal Revenue Code of 1986, loans made
 10 to borrowers under this title shall have the same terms,
 11 conditions, and benefits, as loans made to borrowers under
 12 section 428 of the Higher Education Act of 1965.

13 (b) FORM OF NOTE: COLLECTION BY IRS.—The Sec-
 14 retary shall, by regulation, prescribe the form of the note
 15 or other evidence of indebtedness for direct IDEA loans
 16 consistent with the requirements of this title. Such note
 17 or other evidence shall—

18 (1) provide that the loan shall be collectible on
 19 an income contingent basis in accordance with sec-
 20 tion 6307 of the Internal Revenue Code of 1986;

21 (2) provide that the borrower agrees that—

22 (A) any payment owed with respect to such
 23 loan shall be considered as an income tax, and
 24 shall be subject to collection by the Internal

1 Revenue Service in the same manner, and sub-
2 ject to the same penalties, as a tax due;

3 (B) the borrower's taxpayer identification
4 number may be used for the purposes of identi-
5 fying the borrower's IDEA account;

6 (C) the borrower will make payments on
7 such loan using the income tax withholding sys-
8 tem and will make appropriate adjustments to
9 his or her withholding or estimated tax pay-
10 ments for such purposes; and

11 (D) if the borrower files for relief under
12 title 11, United States Code, the borrower's re-
13 payment obligations on the IDEA loan will be
14 treated the same as Federal income tax obliga-
15 tions; and

16 (3) contains such additional terms and condi-
17 tions as the Secretary of the Treasury may prescribe
18 by regulation.

19 (c) NOTICE OF CONVERSION IN FEDERAL STUDENT
20 LOAN NOTES.—The Secretary shall, by regulation, require
21 that any note or other evidence of indebtedness for any
22 Federal student loan, disbursed on or after July 1, 2007,
23 shall—

24 (1) provide that, if the borrower defaults on re-
25 payment, the loan shall be collectible on an income

1 contingent basis in accordance with section 6307 of
2 the Internal Revenue Code of 1986;

3 (2) provide that, if the loan is collectible on an
4 income contingent basis, the borrower agrees to the
5 provisions described in subparagraphs (A) through
6 (D) of subsection (b)(2); and

7 (3) contains such additional terms and condi-
8 tions as the Secretary of the Treasury may prescribe
9 by regulation.

10 (d) ORIGATION FEES AND INSURANCE PREMIUMS
11 PROHIBITED.—An eligible student shall not be required
12 to pay any origination fee, insurance premium, or other
13 fee or charge to obtain a loan under this title.

14 **SEC. 103. CONVERSION TO INCOME CONTINGENT REPAY-**
15 **MENT.**

16 (a) CONVERSION AT THE ELECTION OF THE BOR-
17 ROWER.—

18 (1) ELECTION.—The borrower of a Federal stu-
19 dent loan may elect to convert such loan to, and to
20 consolidate such loan and any other Federal student
21 loans of such borrower that are selected by the bor-
22 rower for consolidation in, a direct IDEA loan for
23 collection under section 6307 of the Internal Rev-
24 enue Code of 1986 by filing with the lender and the
25 Secretary a notice in such form and containing such

1 information as the Secretary may require by regula-
2 tion. Such election shall be made—

3 (A) in the case of Federal student loans
4 that enter repayment on or after July 1,
5 2007—

6 (i) at any time within 180 days be-
7 fore, and within one year after, the begin-
8 ning of the repayment period of such loan;
9 or

10 (ii) in the case of multiple Federal
11 student loans selected for consolidation, by
12 the date by which an election must be
13 made under clause (i) for the selected loan
14 that is the last to enter repayment; and

15 (B) in the case of Federal student loans
16 that entered repayment before July 1, 2007,
17 within 180 days after the later of such date or
18 the date of enactment of this Act.

19 (2) DISCHARGE OF FEDERAL STUDENT
20 LOAN.—Upon receipt of a notice of election under
21 paragraph (1) with respect to any loan, and agree-
22 ment by the borrower to repay the amount of the ob-
23 ligation in a direct IDEA loan, the Secretary shall—

24 (A) in the case of a Federal student loan
25 described in section 104(2)(A), pay to the hold-

er of the loan the principal and accrued interest
owing on the loan; and

(B) in the case of a Federal student loan
described in section 104(2)(B), discharge the
obligation of the borrower on such loan.

(b) CONVERSION FOLLOWING DEFAULT.—

(1) AUTHORITY TO CONVERT.—

(A) CONVERSION BY PAYMENT TO LENDER.—Upon default by the student borrower on
any Federal student loan described in section
104(2)(A), and prior to the commencement of
suit or other enforcement proceedings upon se-
curity for that loan, the insurance beneficiary
shall promptly notify the Secretary, and the
Secretary shall if requested (at that time or
after further collection efforts) by the bene-
ficiary, or may on the Secretary's own motion,
if insurance is still in effect, pay to the bene-
ficiary the amount of the loss sustained by the
insured upon that loan as soon as that amount
has been determined. Such beneficiary shall be
required to meet the standards of due diligence
in the collection of the loan and shall be re-
quired to submit proof that reasonable attempts
were made to locate the borrower (when the lo-

cation of the borrower is unknown) and proof that contact was made with the borrower (when the location is known). The Secretary shall make the determination required to carry out the provisions of this subparagraph not later than 90 days after the notification by the insurance beneficiary and shall make payment in full on the amount of the beneficiary's loss pending completion of the due diligence investigation.

(B) CONVERSION BY CANCELLATION.—

Upon default by the student borrower on any Federal student loan described in section 104(2)(B), the Secretary may, within 90 days after such default—

(i) determine the amount of the loss on such loan; and

(ii) notify the borrower of the conversion of the obligation on the loan to the obligation to repay a direct IDEA loan.

(2) AMOUNT OF THE LOSS.—The “amount of the loss” on any loan shall be deemed to be an amount equal to the sum—

(A) the unpaid balance of the principal amount and accrued interest, including interest accruing during the period from the date of the

1 default to the date on which payment is author-
2 ized by the Secretary under paragraph (1)(A)
3 or notice is sent under paragraph (1)(B), ex-
4 cept that such period shall not exceed 180 days;
5 and

6 (B) unpaid penalties and costs of collection
7 incurred on the loan prior to the date of the de-
8 fault.

9 (3) EFFECT OF PAYMENT OF LOSS.—Upon pay-
10 ment of the amount of the loss pursuant to para-
11 graph (1)(A), the United States shall be subrogated
12 for all of the rights of the holder of the obligation
13 upon the Federal student loan and shall be entitled
14 to an assignment of the note or other evidence of the
15 loan.

16 (4) FORBEARANCE NOT PRECLUDED.—Nothing
17 in this section or in this title shall be construed to
18 preclude any forbearance for the benefit of the stu-
19 dent borrower which may be agreed upon by the par-
20 ties to a student loan described in section 104(2)(A)
21 and approved by the Secretary, or to preclude for-
22 bearance by the Secretary in the enforcement of the
23 obligation after conversion under paragraph (1). Any
24 forbearance which is approved by the Secretary
25 under this paragraph with respect to the repayment

1 of a loan, including a forbearance during default,
2 shall not be considered as indicating that a holder
3 of a Federal student loan has failed to exercise rea-
4 sonable care and due diligence in the collection of
5 the loan.

6 (5) CONVERSION.—Any loan which is repaid or
7 cancelled by the Secretary under paragraph (1)
8 shall, after the date of such repayment or cancella-
9 tion, be treated as a direct IDEA loan for purposes
10 of collection under section 6307 of the Internal Rev-
11 enue Code of 1986.

12 (c) NOTICE TO SECRETARY OF THE TREASURY.—
13 The Secretary shall notify the Secretary of the Treasury
14 of the loans that are converted to direct IDEA loans under
15 this section. Such notice shall contain—

16 (1) the name, address, and taxpayer identifica-
17 tion number of the borrower;

18 (2) the amount owed by the borrower on any
19 loan or loans that are converted under this section
20 to an obligation under a direct IDEA loan;

21 (3) such other information as the Secretary and
22 the Secretary of the Treasury may require.

23 **SEC. 104. DEFINITIONS.**

24 As used in this title:

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

3 (2) FEDERAL STUDENT LOANS.—The term
4 “Federal student loans” means—

5 (A) any loan made under part B of title IV
6 of the Higher Education Act of 1965 (20
7 U.S.C. 1071 et seq.), other than a loan made
8 under section 428B of such Act to the parent
9 of a dependent student; and

10 (B) any loan made under part D of such
11 title, other than a Federal Direct Plus Loan to
12 the parent of a dependent student.

13 (3) ELIGIBLE LENDER.—The term “eligible
14 lender” has the meaning provided by section 435(b)
15 of such Act (20 U.S.C. 1085(d)).

16 (4) ELIGIBLE STUDENT.—The term “eligible
17 student” means any student that is an eligible stu-
18 dent under section 484 of such Act (20 U.S.C.
19 1091).

1 **TITLE II—COLLECTION OF IN-**
2 **COME-DEPENDENT EDU-**
3 **CATION ASSISTANCE LOANS**

4 **SEC. 201. REPAYMENTS USING INCOME TAX COLLECTION**
5 **SYSTEM.**

6 (a) IN GENERAL.—Subchapter A of chapter 64 of the
7 Internal Revenue Code of 1986 (relating to collection) is
8 amended by adding at the end the following new section:

9 **“SEC. 6307. COLLECTION OF DIRECT INCOME-DEPENDENT**
10 **EDUCATION ASSISTANCE LOANS.**

11 “(a) REPAYMENT OBLIGATION.—

12 “(1) IN GENERAL.—If an individual is fur-
13 nished a notice under paragraph (2) for a calendar
14 year that such individual is in repayment status for
15 such year with respect to any direct IDEA loan,
16 such individual shall make a payment under this sec-
17 tion for the taxable year beginning in such calendar
18 year.

19 “(2) NOTICE TO BORROWER.—

20 “(A) IN GENERAL.—During January of
21 each calendar year, the Secretary of Education
22 shall furnish to each borrower of a direct IDEA
23 loan a notice as to—

24 “(i) whether the records of the Sec-
25 retary indicate that such borrower is in re-

1 payment status for the taxable year begin-
2 ning in the preceding calendar year,

3 “(ii) the maximum account balance of
4 such borrower,

5 “(iii) the current account balance of
6 such borrower as of the close of the pre-
7 ceding calendar year, and

8 “(iv) the procedure for computing the
9 amount of repayment owing for the taxable
10 year beginning in the preceding calendar
11 year.

12 “(B) FORM, ETC.—The notice under sub-
13 paragraph (A)—

14 “(i) shall be in such form as the Sec-
15 retary may by regulations prescribe, and

16 “(ii) shall be treated as furnished if
17 sent by mail to the individual’s last known
18 address or left at the dwelling or usual
19 place of business of such individual.

20 “(b) COMPUTATION OF ANNUAL REPAYMENT
21 AMOUNT.—

22 “(1) IN GENERAL.—The annual amount pay-
23 able under this section by the taxpayer for any tax-
24 able year shall be the lesser of—

25 “(A) the product of—

1 “(i) the base amortization amount,
2 and

3 “(ii) the progressivity factor for the
4 taxpayer for such taxable year, or

5 “(B) 15 percent of the excess of—

6 “(i) the modified adjusted gross in-
7 come of the taxpayer for such taxable year,
8 over

9 “(ii) the base income amount.

10 “(2) BASE AMORTIZATION AMOUNT.—

11 “(A) IN GENERAL.—For purposes of this
12 section, the term ‘base amortization amount’
13 means the amount which, if paid at the close of
14 each year for a period of 12 consecutive years,
15 would fully repay (with interest) at the close of
16 such period the maximum account balance of
17 the borrower.

18 “(B) INTEREST.—For purposes of sub-
19 paragraph (A)—

20 “(i) ANNUAL RATE.—With respect to
21 a direct IDEA loan that was made on any
22 date by conversion of a Federal student
23 loan (at the election of the borrower or at
24 the direction of the Secretary of Edu-
25 cation) under title I of the Income-Depend-

1 ent Education Assistance Act of 2006, the
2 interest rate on such direct IDEA loan
3 shall be assumed to be equal to the inter-
4 est rate applicable to a consolidation loan
5 made under section 428C of the Higher
6 Education Act of 1965 (20 U.S.C. 1078–
7 3) on that same date.

8 “(ii) LIMITATION.—The aggregate
9 amount of interest shall not exceed 110
10 percent of the amount determined under
11 subparagraph (A) without regard to inter-
12 est.

13 “(C) JOINT RETURNS.—In the case of a
14 joint return where each spouse has an account
15 balance and is in repayment status, the amount
16 determined under subparagraph (A) shall be
17 the sum of the base amortization amounts of
18 each spouse.

19 “(3) PROGRESSIVITY FACTOR.—

20 “(A) IN GENERAL.—For purposes of this
21 section, the progressivity factor with respect to
22 a calendar year shall be determined under the
23 following table on the basis of the ratio of the
24 taxpayer’s modified adjusted gross income bears
25 to the median State income of the State in

1 which the taxpayer is resident on the last day
 2 of the taxable year ending in or with the cal-
 3 endar year:

| “Ratio of modified adjusted gross income to median State income is: | Progres- sivity Factor is: |
|--|---|
| Less than or equal to 0.25 | 0.5052 |
| Greater than 0.25 and less than or equal to 0.35 | 0.5668 |
| Greater than 0.35 and less than or equal to 0.50 | 0.6283 |
| Greater than 0.50 and less than or equal to 0.65 | 0.6907 |
| Greater than 0.65 and less than or equal to 0.75 | 0.8146 |
| Greater than 0.75 and less than or equal to 1.00 | 0.9073 |
| Greater than 1.00 and less than or equal to 1.25 | 1.0000 |
| Greater than 1.25 and less than or equal to 1.50 | 1.0000 |
| Greater than 1.50 and less than or equal to 1.75 | 1.1520 |
| Greater than 1.75 and less than or equal to 2.00 | 1.2700 |
| Greater than 2.00 and less than or equal to 2.50 | 1.3640 |
| Greater than 2.50 and less than or equal to 3.00 | 1.4850 |
| Greater than 3.00 and less than or equal to 3.50 | 1.6000 |
| Greater than 3.50 | 2.0000 |

4 “(B) MEDIAN STATE INCOME.—For pur-
 5 poses of subparagraph (A), the median State
 6 income shall be the most recent census estimate
 7 of the median income of such State released by
 8 the Bureau of Census before the beginning of
 9 such calendar year.

10 “(4) MODIFIED ADJUSTED GROSS INCOME.—
 11 For purposes of this subsection, the term ‘modified
 12 adjusted gross income’ means adjusted gross income
 13 for the taxable year—

14 “(A) determined without regard to—

15 “(i) sections 135, 911, 931, and 933,

16 “(ii) the deductions from gross income
 17 allowable under section 62(a) by reason
 18 of—

1 “(I) paragraph (6) thereof (relat-
2 ing to profit-sharing, annuities, and
3 bond-purchase plans of self-employed
4 individuals),

5 “(II) paragraph (7) thereof (re-
6 lating to retirement savings), and

7 “(III) paragraph (17) (relating
8 to interest on education loans), and

9 “(B) increased by the amount of interest
10 received or accrued by the taxpayer during the
11 taxable year which is exempt from tax.

12 “(5) BASE INCOME AMOUNT.—For purposes of
13 this subsection, the term ‘base income amount’
14 means—

15 “(A) in the case of a joint return, the sum
16 of the standard deduction applicable to such re-
17 turn and twice the exemption amount for the
18 taxable year, and

19 “(B) in any other case, the sum of the
20 standard deduction applicable to such individual
21 and the exemption amount for the taxable year.

22 For purposes of this paragraph, the term ‘standard
23 deduction’ has the meaning given such term by sec-
24 tion 63(c), and the term ‘exemption amount’ has the
25 meaning given such term by section 151(d).

1 “(c) TERMINATION OF BORROWER’S REPAYMENT
2 OBLIGATION.—

3 “(1) IN GENERAL.—All direct IDEA loans of a
4 borrower shall be canceled as of the close of the first
5 taxable year for which the current account balance
6 of such borrower is not greater than zero.

7 “(2) DETERMINATION OF CURRENT ACCOUNT
8 BALANCE.—

9 “(A) IN GENERAL.—For purposes of deter-
10 mining the current account balance of the bor-
11 rower for any taxable year after the 12th tax-
12 able year that the borrower is in repayment sta-
13 tus under this section, the current account bal-
14 ance shall be the amount which would be such
15 balance if—

16 “(i) the initial account balance of the
17 borrower equaled 90 percent of such initial
18 account balance (determined without re-
19 gard to this clause), and

20 “(ii) clause (ii) of section
21 102(d)(3)(C) of the Income-Dependent
22 Education Assistance Act of 2006 had
23 been applied for all prior periods of repay-
24 ment status under this section by sub-
25 stituting ‘2 percent’ for ‘3 percent’.

1 In the case of any taxable year after the 16th
2 taxable year that the borrower is in repayment
3 status under this section, clause (ii) shall be ap-
4 plied by substituting ‘1 percent’ for ‘2 percent’.

5 “(B) INITIAL ACCOUNT BALANCE.—For
6 purposes of subparagraph (A), the term ‘initial
7 account balance’ means, with respect to any
8 borrower, the sum of the amounts owed by the
9 borrower on any direct IDEA loan, as contained
10 in notices furnished under subsection (a)(2) to
11 the Secretary.

12 “(3) NO REPAYMENT REQUIRED AFTER 25
13 YEARS IN REPAYMENT STATUS.—The borrower has
14 no repayment obligation under this section any tax-
15 able year after the 25th taxable year for which the
16 borrower is in repayment status under this section.

17 “(4) DETERMINATION OF YEARS IN REPAY-
18 MENT STATUS.—For purposes of paragraphs (2) and
19 (3), the number of taxable years in which a borrower
20 is in repayment status under this section shall be de-
21 termined without regard to any taxable year before
22 the most recent taxable year in which the borrower
23 received a direct IDEA loan.

24 “(5) EXTENSION OF REPAYMENT YEARS FOR
25 MEDICAL INTERNS.—The number of years specified

1 in paragraphs (2) and (3) shall be increased by 1
2 year for each calendar year during any 5 months of
3 which the individual is an intern in medicine, den-
4 tistry, veterinary medicine, or osteopathic medicine.

5 “(d) DEFINITIONS.—For purposes of this section—

6 “(1) MAXIMUM ACCOUNT BALANCE.—The term
7 ‘maximum account balance’ means the highest
8 amount (as of the close of any calendar year) of un-
9 paid principal and unpaid accrued interest on all di-
10 rect IDEA loan obligations of a borrower.

11 “(2) CURRENT ACCOUNT BALANCE.—The term
12 ‘current account balance’ means the amount (as of
13 the close of a calendar year) of unpaid principal and
14 unpaid accrued interest on all IDEA loans of a bor-
15 rower.

16 “(3) REPAYMENT STATUS.—A borrower is in
17 repayment status for any taxable year unless—

18 “(A) such borrower was, during at least 7
19 months of such year, an eligible student, as
20 that term is defined in section 104(4) of the In-
21 come-Dependent Education Assistance Act of
22 2006; or

23 “(B) such taxable year was the first year
24 in which the borrower was such an eligible stu-
25 dent and the borrower was such an eligible stu-

1 dent during any of the last 6 months of such
2 taxable year.

3 “(4) DIRECT IDEA LOAN.—The term ‘direct
4 IDEA loan’ has the meaning given such term by
5 title I of the Income-Dependent Education Assist-
6 ance Act of 2006. Such term includes any loan
7 which is treated as such under section 103 of such
8 title.

9 “(e) PAYMENT OF AMOUNT OWING.—Any amount to
10 be collected from an individual under this section shall be
11 paid—

12 “(1) not later than the last date (determined
13 without regard to extensions) prescribed for filing
14 his return of tax imposed by chapter 1 for the tax-
15 able year ending before the date the notice under
16 subsection (a) is sent, and

17 “(2)(A) if such return is filed not later than
18 such date, with such return, or

19 “(B) in any case not described in subparagraph
20 (A), in such manner as the Secretary may by regula-
21 tions prescribe.

22 “(f) FAILURE TO PAY AMOUNT OWING.—If an indi-
23 vidual fails to pay the full amount required to be paid on
24 or before the last date described in subsection (e)(1), the
25 Secretary shall assess and collect the unpaid amount in

1 the same manner, with the same powers, and subject to
 2 the same limitations applicable to a tax imposed by sub-
 3 title C the collection of which would be jeopardized by
 4 delay.

5 “(g) LOANS OF DECEASED AND PERMANENTLY DIS-
 6 ABLED BORROWERS; DISCHARGE BY SECRETARY.—

7 “(1) DISCHARGE IN THE EVENT OF DEATH.—

8 If a borrower of a direct IDEA loan dies or becomes
 9 permanently and totally disabled (as determined in
 10 accordance with regulations of the Secretary), then
 11 the Secretary shall discharge the borrower’s liability
 12 on the loan.

13 “(2) LIMITATION ON DISCHARGE.—The dis-
 14 charge of the liability of an individual under this
 15 subsection shall not discharge the liability of any
 16 spouse with respect to any direct IDEA loan made
 17 to such spouse.

18 “(h) CREDITING OF COLLECTIONS.—

19 “(1) IN GENERAL.—For purposes of deter-
 20 mining whether there is an underpayment or over-
 21 payment of tax imposed by subtitle A for any tax-
 22 able year by an individual who is required to pay an
 23 amount under this section, amounts withheld under
 24 chapter 24 and amounts paid under section 6654

1 shall be treated as payments of the amount required
2 to be paid under this section to the extent thereof.

3 “(2) CREDITING OF AMOUNTS PAID ON A JOINT
4 RETURN.—Amounts collected under this section on a
5 joint return from a husband and wife both of whom
6 are in repayment status shall be credited to the ac-
7 counts of such spouses in the following order:

8 “(A) First, to repayment of interest added
9 to each account at the end of the preceding cal-
10 endar year in proportion to the interest so
11 added to the respective accounts of the spouses.

12 “(B) Then, to repayment of unpaid prin-
13 cipal, and unpaid interest accrued before such
14 preceding calendar year, in proportion to the re-
15 spective maximum account balances of the
16 spouses.

17 “(i) SPECIAL RULES.—

18 “(1) EXCLUSION FROM INCOME FOR LOANS
19 DISCHARGED.—No amount shall be includible in
20 gross income by reason of the discharge under this
21 section of any loan.

22 “(2) COMPUTATION OF ALTERNATIVE ANNUAL
23 PAYMENT FOR INDIVIDUALS WHO HAVE ATTAINED
24 AGE 55.—In the case of an individual who attains
25 age 55 before the close of the calendar year ending

1 in the taxable year, or of an individual filing a joint
2 return whose spouse attains age 55 before the close
3 of such calendar year, the progressivity factor appli-
4 cable to the base amortization amount of such indi-
5 vidual for such taxable year shall not be less than
6 1.0.

7 “(3) FINALITY OF ASSESSMENT AND COLLEC-
8 TION.—The first sentence of subsection (b) of sec-
9 tion 6305 shall apply to assessments and collections
10 under subsection (f) of this section.

11 “(4) INFORMATION TO BE FURNISHED TO SEC-
12 RETARY.—The borrower of any direct IDEA loan
13 shall furnish to the Secretary such information as
14 the Secretary determines to be necessary to carry
15 out this section with respect to such loan.”.

16 (b) APPLICATION OF ESTIMATED TAX.—Subsection
17 (f) of section 6654 of such Code (relating to failure by
18 individual to pay estimated income tax) is amended by
19 striking “minus” at the end of paragraph (2) and insert-
20 ing “plus”, by redesignating paragraph (3) as paragraph
21 (4), and by inserting after paragraph (2) the following new
22 paragraph:

23 “(3) the amount required to be repaid under
24 section 6307 (relating to collection of income-de-
25 pendent education assistance loans), minus”.

1 (c) FILING REQUIREMENT.—Subsection (a) of sec-
2 tion 6012 of such Code (relating to persons required to
3 make returns of income) is amended by inserting after
4 paragraph (9) the following new paragraph:

5 “(10) Every individual required to make a pay-
6 ment for the taxable year under section 6307 (relat-
7 ing to collection of income-dependent education as-
8 sistance loans).”.

9 (d) CLERICAL AMENDMENT.—The table of sections
10 for subchapter A of chapter 64 of such Code is amended
11 by adding at the end the following new item:

“Sec. 6307. Collection of direct income-dependent education assistance loans.”.

