

113TH CONGRESS
2^D SESSION

S. 2878

To amend the Internal Revenue Code of 1986 to provide an exclusion from income for student loan forgiveness for students in certain income-based or income-contingent repayment programs who have completed payment obligations, and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 18, 2014

Mr. MENENDEZ introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide an exclusion from income for student loan forgiveness for students in certain income-based or income-contingent repayment programs who have completed payment obligations, and for other purposes.

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 Tax Re-
5 lief Act”.

1 **SEC. 2. CERTAIN STUDENT LOANS THE REPAYMENT OF**
 2 **WHICH IS INCOME CONTINGENT OR INCOME-**
 3 **BASED.**

4 (a) IN GENERAL.—Paragraph (1) of section 108(f)
 5 of the Internal Revenue Code of 1986 is amended by strik-
 6 ing “any student loan if” and all that follows and inserting
 7 “any student loan if—

8 “(A) such discharge was pursuant to a
 9 provision of such loan under which all or part
 10 of the indebtedness of the individual would be
 11 discharged if the individual worked for a certain
 12 period of time in certain professions for any of
 13 a broad class of employers, or

14 “(B) such discharge was pursuant to sec-
 15 tion 455(e) or section 493C(b)(7) of the Higher
 16 Education Act of 1965 (relating to income con-
 17 tingent and income-based repayment).”.

18 (b) EFFECTIVE DATE.—The amendment made by
 19 subsection (a) shall apply to discharges of loans after De-
 20 cember 31, 2014.

21 **SEC. 3. STUDENT LOANS DISCHARGED ON ACCOUNT OF**
 22 **DEATH OR DISABILITY.**

23 (a) IN GENERAL.—Paragraph (1) of section 108(f)
 24 of the Internal Revenue Code of 1986, as amended by sec-
 25 tion 2, is amended by striking “or” at the end of subpara-
 26 graph (A), by striking the period at the end of subpara-

1 graph (B) and inserting “, or”, and by adding at the end
2 the following new subparagraph:

3 “(C) such discharge was on account of the
4 death or total and permanent disability of the
5 student.”.

6 (b) EFFECTIVE DATE.—The amendment made by
7 subsection (a) shall apply to discharges of loans after De-
8 cember 31, 2014.

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