

114TH CONGRESS
1ST SESSION

H. R. 3170

To amend the Internal Revenue Code of 1986 to allow without penalty any 529 plan distributions used for student loans payments.

IN THE HOUSE OF REPRESENTATIVES

JULY 22, 2015

Mr. NUGENT introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow without penalty any 529 plan distributions used for student loans payments.

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 Debt Repay-
5 ment Fairness Act”.

6 **SEC. 2. STUDENT LOAN PAYMENTS FROM QUALIFIED TUI-**
7 **TION PLANS NOT SUBJECT TO PENALTY TAX.**

8 (a) IN GENERAL.—Section 529(c)(6) of the Internal
9 Revenue Code of 1986 is amended—

1 (1) by inserting “(A) IN GENERAL.—” before
2 “‘The tax’” and moving the text 2 ems to the right;
3 and

4 (2) by adding at the end the following:

5 “(B) STUDENT LOANS.—

6 “(i) IN GENERAL.—Subparagraph (A)
7 shall not apply to any payment or distribu-
8 tion in any taxable year which is includible
9 in gross income and is used to pay prin-
10 cipal or interest on indebtedness incurred
11 solely to pay qualified higher education ex-
12 penses of the designated beneficiary or
13 member of the family of the designated
14 beneficiary which are attributable to edu-
15 cation furnished during a period during
16 which the beneficiary or family member
17 was a student at the institution providing
18 such education.

19 “(ii) REFINANCED LOANS.—For pur-
20 poses of clause (i), the term ‘indebtedness’
21 includes indebtedness used to refinance in-
22 debtedness described in clause (i).”.

1 (b) **EFFECTIVE DATE.**—The amendment made by
2 subsection (a) shall apply to payments made in taxable
3 years beginning after December 31, 2014.

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