

115TH CONGRESS  
2D SESSION

# H. R. 7386

To amend the Internal Revenue Code of 1986 and the Higher Education Act of 1965 to facilitate the disclosure of tax return information to carry out the Higher Education Act of 1965, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

DECEMBER 20, 2018

Mr. WALBERG (for himself and Ms. DELBENE) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, 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

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## A BILL

To amend the Internal Revenue Code of 1986 and the Higher Education Act of 1965 to facilitate the disclosure of tax return information to carry out the Higher Education Act of 1965, 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 “Faster Access to Fed-  
5 eral Student Aid Act of 2018”.

1 **SEC. 2. SECURE DISCLOSURE OF TAX-RETURN INFORMA-**  
2 **TION TO CARRY OUT THE HIGHER EDU-**  
3 **CATION ACT OF 1965.**

4 (a) AMENDMENTS TO THE INTERNAL REVENUE  
5 CODE OF 1986.—

6 (1) IN GENERAL.—Paragraph (13) of section  
7 6103(l) of the Internal Revenue Code of 1986 is  
8 amended to read as follows:

9 “(13) DISCLOSURE OF RETURN INFORMATION  
10 TO CARRY OUT THE HIGHER EDUCATION ACT OF  
11 1965.—

12 “(A) INCOME-CONTINGENT OR INCOME-  
13 BASED REPAYMENT AND TOTAL AND PERMA-  
14 NENT DISABILITY DISCHARGE.—The Secretary  
15 shall, upon written request from the Secretary  
16 of Education, disclose to officers, employees,  
17 and contractors of the Department of Edu-  
18 cation, as specifically authorized and designated  
19 by the Secretary of Education, only for the pur-  
20 pose of (and to the extent necessary in) estab-  
21 lishing, renewing, administering, and con-  
22 ducting analyses and forecasts for estimating  
23 costs related to income-contingent or income-  
24 based repayment programs, and the discharge  
25 of loans based on a total and permanent dis-  
26 ability (within the meaning of section 437(a) of

1 the Higher Education Act of 1965), under title  
2 IV of the Higher Education Act of 1965, the  
3 following return information (as defined in sub-  
4 section (b)(2)) with respect to taxpayers identi-  
5 fied by the Secretary of Education as partici-  
6 pating in the loan programs under title IV of  
7 such Act, for taxable years specified by such  
8 Secretary:

9 “(i) Taxpayer identity information  
10 with respect to such taxpayer.

11 “(ii) The filing status of such tax-  
12 payer.

13 “(iii) Type of tax return from which  
14 the return information is provided.

15 “(iv) The adjusted gross income of  
16 such taxpayer.

17 “(v) Total number of exemptions  
18 claimed, or total number of individuals and  
19 dependents claimed, as applicable, on the  
20 return.

21 “(vi) Number of children with respect  
22 to which tax credits under section 24 are  
23 claimed on the return.

24 “(vii) Other information determined  
25 to be necessary by agreement between the

1 Secretary and the Secretary of Education  
2 to administer the Federal financial aid pro-  
3 grams as required by the Higher Edu-  
4 cation Act of 1965.

5 “(B) FEDERAL STUDENT FINANCIAL  
6 AID.—The Secretary shall, upon written request  
7 from the Secretary of Education, disclose to of-  
8 ficers, employees, and contractors of the De-  
9 partment of Education, as specifically author-  
10 ized and designated by the Secretary of Edu-  
11 cation, only for the purpose of (and to the ex-  
12 tent necessary in) determining eligibility for,  
13 and amount of, Federal student financial aid  
14 under programs authorized by title IV of the  
15 Higher Education Act of 1965 and conducting  
16 analyses and forecasts for estimating costs re-  
17 lated to such programs, the following return in-  
18 formation (as defined in subsection (b)(2)) with  
19 respect to taxpayers identified by the Secretary  
20 of Education as applicants for Federal student  
21 financial aid under title IV of such Act, for tax-  
22 able years specified by such Secretary:

23 “(i) Taxpayer identity information  
24 with respect to such taxpayer.

1           “(ii) The filing status of such tax-  
2 payer.

3           “(iii) Type of tax return from which  
4 the return information is provided.

5           “(iv) The adjusted gross income of  
6 such taxpayer.

7           “(v) The amount of any net earnings  
8 from self-employment (as defined in sec-  
9 tion 1402), wages (as defined in section  
10 3121(a) or 3401(a)), and taxable income  
11 from a farming business (as defined in sec-  
12 tion 236A(e)(4)) for the period reported on  
13 the return.

14           “(vi) The total income tax of such  
15 taxpayer.

16           “(vii) Total number of exemptions  
17 claimed, or total number of individuals and  
18 dependents claimed, as applicable, on the  
19 return.

20           “(viii) Number of children with re-  
21 spect to which tax credits under section 24  
22 are claimed on the return.

23           “(ix) Amount of any credit claimed  
24 under section 25A for the taxable year.

1           “(x) Amount of individual retirement  
2           account distributions not included in ad-  
3           justed gross income for the taxable year.

4           “(xi) Amount of individual retirement  
5           account contributions and payments to  
6           self-employed SEP, Keogh, and other  
7           qualified plans which were deducted from  
8           income for the taxable year.

9           “(xii) The amount of tax-exempt in-  
10          terest.

11          “(xiii) Amounts from retirement pen-  
12          sions and annuities not included in ad-  
13          justed gross income for the taxable year.

14          “(xiv) If applicable, the fact that  
15          there is no return filed for such taxpayer  
16          for the applicable year.

17          “(xv) Other information determined to  
18          be necessary by agreement between the  
19          Secretary and the Secretary of Education  
20          to administer the Federal financial aid pro-  
21          grams as required by the Higher Edu-  
22          cation Act of 1965.

23          “(C) RESTRICTION ON USE OF DISCLOSED  
24          INFORMATION.—

1           “(i) IN GENERAL.—Return informa-  
2           tion disclosed under subparagraphs (A)  
3           and (B) may be used by officers, employ-  
4           ees, and contractors of the Department of  
5           Education, as specifically authorized and  
6           designated by the Secretary of Education,  
7           only for the purposes and to the extent  
8           necessary described in such subparagraphs  
9           and for mitigating risks (as defined in  
10          clause (ii)) relating to the programs de-  
11          scribed in such subparagraphs.

12          “(ii) MITIGATING RISKS.—For pur-  
13          poses of this subparagraph, the term ‘miti-  
14          gating risks’ means, with respect to the  
15          programs described in subparagraphs (A)  
16          and (B)—

17                 “(I) analyzing or estimating costs  
18                 associated with potential changes to  
19                 the need-analysis formula,

20                 “(II) oversight activities by the  
21                 Office of Inspector General of the De-  
22                 partment of Education as authorized  
23                 by the Inspector General Act of 1978,  
24                 as amended,

1                   “(III) developing or admin-  
2                   istering statistical models that inform  
3                   support to populations of Federal stu-  
4                   dent loan borrowers who are at risk of  
5                   default or delinquency,

6                   “(IV) reducing the net cost of  
7                   improper payments to Federal finan-  
8                   cial aid recipients, and

9                   “(V) producing aggregate statis-  
10                  tics for reporting, research, or con-  
11                  sumer information on the performance  
12                  of programs or institutions of higher  
13                  education participating in the pro-  
14                  grams under title IV of the Higher  
15                  Education Act of 1965.

16                  Such term does not include the conduct of  
17                  criminal investigations or prosecutions.

18                  “(iii) REDISCLOSURE TO INSTITU-  
19                  TIONS OF HIGHER EDUCATION, STATE  
20                  HIGHER EDUCATION AGENCIES, AND DES-  
21                  IGNATED SCHOLARSHIP ORGANIZATIONS.—  
22                  The Secretary of Education, and officers,  
23                  employees, and contractors of the Depart-  
24                  ment of Education, may disclose return in-  
25                  formation received under subparagraph

1 (B), solely for the use in the application,  
2 award, and administration of Federal stu-  
3 dent financial aid, State aid, or aid award-  
4 ed by eligible institutions or such entities  
5 as the Secretary of Education may des-  
6 ignate, to the following persons:

7 “(I) An institution of higher edu-  
8 cation with which the Secretary of  
9 Education has an agreement under  
10 subpart 1 of part A, or part D or E,  
11 of title IV of the Higher Education  
12 Act of 1965.

13 “(II) A State higher education  
14 agency.

15 “(III) A scholarship organization  
16 which is designated by the Secretary  
17 of Education as of the date of the en-  
18 actment of the Faster Access to Fed-  
19 eral Student Aid Act of 2018 as an  
20 organization eligible to receive the in-  
21 formation provided under this clause.

22 The preceding sentence shall only apply to  
23 the extent that the taxpayer with respect  
24 to whom the return information relates  
25 provides consent for such disclosure to the

1 Secretary of Education as part of the ap-  
2 plication for Federal student financial aid  
3 under title IV of the Higher Education Act  
4 of 1965.

5 “(D) REQUIRED NOTIFICATION PERI-  
6 ODS.—

7 “(i) NOTIFICATION TO CONGRESS.—  
8 The Secretary and the Secretary of Edu-  
9 cation shall issue joint notifications to the  
10 Committees on Finance and Health, Edu-  
11 cation, Labor, and Pensions of the Senate  
12 and the Committees on Ways and Means  
13 and Education and the Workforce of the  
14 House of Representatives not less than  
15 120 days prior to the first disclosure of  
16 any type of return information under sub-  
17 paragraph (A)(vii) or (B)(xv) with respect  
18 to which such a notification has not been  
19 previously made.

20 “(ii) PUBLIC NOTICE AND COM-  
21 MENT.—There shall be a public notice and  
22 comment period beginning not less than 60  
23 days prior to the first disclosure of any  
24 type of return information under subpara-  
25 graph (A)(vii) or (B)(xv) with respect to

1           which such a notification has not been pre-  
2           viously made, subsequent to the period al-  
3           lotted for Congressional comment under  
4           clause (i).”.

5           (2) CONFIDENTIALITY OF RETURN INFORMA-  
6           TION.—Section 6103(a)(3) of such Code is amended  
7           by inserting “, (13)(A), (13)(B)” after “(12)”.

8           (3) CONFORMING AMENDMENTS.—Section  
9           6103(p)(4) of such Code is amended—

10           (A) by inserting “(A), (13)(B)” after  
11           “(13)” each place it occurs; and

12           (B) by inserting “, (13)(A), (13)(B)” after  
13           “(l)(10)” each place it occurs.

14           (b) EFFECTIVE DATE.—The amendments made by  
15           this section shall apply to disclosures made under section  
16           6103(l)(13) of the Internal Revenue Code of 1986 (as  
17           amended by this section) after the date of the enactment  
18           of this Act.

19           **SEC. 3. NOTIFICATION OF REQUEST FOR TAX RETURN IN-**  
20           **FORMATION.**

21           (a) IN GENERAL.—Part G of title IV of the Higher  
22           Education Act of 1965 (20 U.S.C. 1088 et seq.) is amend-  
23           ed by adding at the end the following:

1 **“SEC. 494. NOTIFICATION OF REQUEST FOR TAX RETURN**  
2 **INFORMATION.**

3 “The Secretary shall advise students and borrowers  
4 who submit an application for Federal student financial  
5 aid under this title or for the discharge of a loan based  
6 on permanent and total disability, as described in section  
7 437(a), or who request an income-contingent or income-  
8 based repayment plan on their loan (as well as parents  
9 and spouses who sign such an application or request or  
10 a Master Promissory Note on behalf of those students and  
11 borrowers) that the Secretary has the authority to request  
12 that the Internal Revenue Service disclose their tax return  
13 information (as well as that of parents and spouses who  
14 sign such an application or request or a Master Promis-  
15 sory Note on behalf of those students and borrowers) to  
16 officers, employees, and contractors of the Department of  
17 Education as authorized under section 6103(1)(13) of the  
18 Internal Revenue Code of 1986, to the extent necessary  
19 for the Secretary to carry out this title.”.

20 (b) CONFORMING AMENDMENT.—Section 484(q) of  
21 the Higher Education Act of 1965 (20 U.S.C. 1091(q))  
22 is amended to read as follows:

23 “(q) reserved”.

24 **SEC. 4. REPORTS ON IMPLEMENTATION.**

25 (a) IN GENERAL.—Not later than each specified  
26 date, the Secretary of Education and the Secretary of the

1 Treasury shall issue joint reports to the Committees on  
2 Health, Education, Labor, and Pensions and Finance of  
3 the Senate and the Committees on Education and the  
4 Workforce and Ways and Means of the House of Rep-  
5 resentatives regarding the amendments made by this Act.

6 Each such report shall include, as applicable—

7           (1) an update on the status of implementation  
8           of the amendments made by this Act;

9           (2) an evaluation of the processing of applica-  
10          tions for Federal student financial aid, and applica-  
11          tions for income-based repayment and income con-  
12          tingent repayment, under title IV of the Higher  
13          Education Act of 1965 (20 U.S.C. 1070 et seq.), in  
14          accordance with the amendments made by this Act;  
15          and

16          (3) implementation issues and suggestions for  
17          potential improvements.

18          (b) SPECIFIED DATE.—For purposes of subsection  
19 (a), the term “specified date” means—

20               (1) the date that is 90 days after the date of  
21               the enactment of this Act;

22               (2) the date that is 120 days after the first day  
23               that the disclosure process established under section  
24               6103(l)(13) of the Internal Revenue Code of 1986,  
25               as amended by section 2(a) of this Act, is oper-

1 ational and accessible to officers, employees, and  
2 contractors of the Department of Education (as spe-  
3 cifically authorized and designated by the Secretary  
4 of Education); and

5 (3) the date that is 1 year after the report date  
6 described in paragraph (2).

○