

116TH CONGRESS  
1ST SESSION

# H. R. 3448

To forgive outstanding Federal and private student loans.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 24, 2019

Ms. OMAR (for herself, Ms. JAYAPAL, Ms. JACKSON LEE, Ms. TLAIB, Ms. NORTON, Mr. THOMPSON of Mississippi, Ms. LEE of California, Mr. GARCÍA of Illinois, and Ms. OCASIO-CORTEZ) introduced the following bill; which was referred to the Committee on Education and Labor, and in addition to the Committees on Financial Services, and 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

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## A BILL

To forgive outstanding Federal and private student loans.

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 Cancellat-  
5 ion Act of 2019”.

6 **SEC. 2. FORGIVENESS OF OUTSTANDING FEDERAL STU-**  
7 **DENT LOANS.**

8 (a) FORGIVENESS REQUIRED.—Notwithstanding any  
9 other provision of law, not later than 180 days after the

1 date of the enactment of this Act, the Secretary of Edu-  
2 cation shall forgive the outstanding balance of interest and  
3 principal due on all eligible Federal student loans.

4 (b) DEFINITION OF ELIGIBLE FEDERAL STUDENT  
5 LOAN.—In this Act, the term “eligible Federal student  
6 loan” means any loan made, insured, or guaranteed under  
7 part B, part D, or part E of title IV of the Higher Edu-  
8 cation Act of 1965 before the date of enactment of this  
9 Act, including—

10 (1) loans made to a parent borrower on behalf  
11 of a dependent student under part B or part D of  
12 such Act;

13 (2) consolidation loans made under such Act;  
14 and

15 (3) any grant treated as a loan under such part  
16 D in accordance with section 258(e), section  
17 420M(c), or section 807(d) of such Act.

18 (c) METHOD OF LOAN FORGIVENESS.—To provide  
19 the loan forgiveness required under subsection (a), the  
20 Secretary of Education is authorized to carry out a pro-  
21 gram—

22 (1) through the holder of a loan, to assume the  
23 obligation to repay the outstanding balance of inter-  
24 est and principal due on loans made, insured, or  
25 guaranteed under part B of title IV of the Higher

1 Education Act of 1965 (20 U.S.C. 1071 et seq.);  
2 and

3 (2) to cancel the outstanding balance of interest  
4 and principal due on loans made under part D or  
5 part E of such title.

6 (d) REPAYMENT REFUNDS.—

7 (1) PRIOR REPAYMENT.—Nothing in this sec-  
8 tion shall be construed to authorize any refunding of  
9 any eligible Federal student loan repayment made  
10 before the date of enactment of this Act.

11 (2) PAYMENTS MADE AFTER ENACTMENT.—

12 The Secretary shall refund to each borrower who re-  
13 ceives forgiveness under this section the amount of  
14 any payments the borrower makes on an eligible  
15 Federal student loan during the period beginning on  
16 the date of the enactment of this Act and ending on  
17 the date on which the Secretary forgives the out-  
18 standing balance of such eligible Federal student  
19 loan.

20 (e) EXCLUSION FROM TAXABLE INCOME.—The

21 amount of a borrower's eligible Federal student loans for-  
22 given under this section, and the amount of any repay-  
23 ments to a borrower under subsection (d)(2), shall not be  
24 included in the gross income of the borrower for purposes  
25 of the Internal Revenue Code of 1986.

1 **SEC. 3. PURCHASE AND FORGIVENESS OF OUTSTANDING**  
2 **PRIVATE STUDENT LOANS.**

3 (a) IN GENERAL.—Part D of title IV of the Higher  
4 Education Act of 1965 (20 U.S.C. 1087a et seq.) is  
5 amended by inserting after section 459B the following:

6 **“SEC. 459C. TEMPORARY AUTHORITY TO PURCHASE AND**  
7 **FORGIVE ELIGIBLE PRIVATE STUDENT**  
8 **LOANS.**

9 “(a) PRIVATE EDUCATION LOAN PURCHASE AND  
10 FORGIVENESS.—Notwithstanding any other provision of  
11 law, not later than 180 days after the date of enactment  
12 of the Student Debt Cancellation Act of 2019, the Sec-  
13 retary, in consultation with the Secretary of the Treasury,  
14 shall carry out a program under which the Secretary shall  
15 purchase, and then forgive, the outstanding balance of in-  
16 terest and principal due on eligible private student loans.

17 “(b) DEFINITIONS.—In this section:

18 “(1) ELIGIBLE PRIVATE STUDENT LOAN.—In  
19 this section, the term ‘eligible private student loan’  
20 means a private education loan, as defined in section  
21 140(a) of the Truth in Lending Act (15 U.S.C.  
22 1650(a)), that was expressly for the cost of attend-  
23 ance (as defined in section 472) at an institution of  
24 higher education participating in a loan program  
25 under part B, part D, or part E of title IV of the  
26 Higher Education Act of 1965 (20 U.S.C. 1070 et

1 seq.), as of the date that the loan was disbursed,  
2 and that was made before the date of enactment of  
3 the Student Debt Cancellation Act of 2019.

4 “(2) PRIVATE EDUCATIONAL LENDER.—The  
5 term private educational lender has the meaning  
6 given the term in section 140(a) of the Truth in  
7 Lending Act (15 U.S.C. 1650(a)).

8 “(c) METHOD OF LOAN PURCHASE AND FORGIVE-  
9 NESS.—The Secretary, in consultation with the Secretary  
10 of the Treasury, shall carry out a program under which  
11 the Secretary, upon application by a borrower who has an  
12 eligible private student loan, shall purchase the eligible  
13 private student loans of the borrower, issue such borrower  
14 a loan under this section, and forgive such loan, in accord-  
15 ance with the following:

16 “(1) The Secretary shall pay to the private edu-  
17 cational lender of the eligible private student loan an  
18 amount equal to the sum of the unpaid principal, ac-  
19 crued unpaid interest, and late charges of the eligi-  
20 ble private student loan, as calculated on the date of  
21 the purchase of such loan, in order to discharge the  
22 borrower from any remaining obligation to the pri-  
23 vate educational lender with respect to the eligible  
24 private student loan.

1           “(2) The Secretary shall issue to the borrower  
2           a loan, known as a Federal Direct Forgiveness  
3           Loan, in an amount equal to the sum of the amount  
4           paid to the private educational lender of the eligible  
5           private student loan of the borrower that was pur-  
6           chased by the Secretary in accordance with para-  
7           graph (1).

8           “(3) The Secretary shall, immediately upon  
9           issuance of a Federal Direct Forgiveness Loan, can-  
10          cel the outstanding balance of interest and principal  
11          due on such loan.

12          “(d) REPAYMENT REFUNDS PROHIBITED.—Nothing  
13          in this section shall be construed to authorize any refund-  
14          ing of any repayment of a loan.

15          “(e) EXCLUSION FROM TAXABLE INCOME.—The  
16          amount of a borrower’s Federal Direct Forgiveness Loans  
17          forgiven under this section shall not be included in the  
18          gross income of the borrower for purposes of the Internal  
19          Revenue Code of 1986.”.

20          (b) NOTICE TO BORROWERS.—Section 128(e) of the  
21          Truth in Lending Act (15 U.S.C. 1638(e)) is amended by  
22          adding at the end the following new paragraph:

23                  “(12) NOTICE REQUIRED ALONG WITH BILLING  
24                  STATEMENTS.—Along with each billing statement  
25                  sent to the borrower during the six-month period be-

1       ginning on the day after the date of enactment of  
2       the Student Debt Cancellation Act of 2019, the pri-  
3       vate educational lender shall include a statement in-  
4       forming the borrower that—

5               “(A) the borrower may be eligible for loan  
6       forgiveness of eligible private student loans  
7       under section 459C of the Higher Education  
8       Act of 1965; and

9               “(B) to be eligible for such loan forgive-  
10       ness, the borrower must apply to the Secretary  
11       of Education no later than the date that is 180  
12       days after the date of enactment of the Student  
13       Debt Cancellation Act of 2019.”.

14   **SEC. 4. NOTICE TO THE PUBLIC.**

15       Not later than 15 days after the date of enactment  
16       of this Act, the Secretary of Education, in consultation  
17       with institutions of higher education and lenders of Fed-  
18       eral student loans and private education loans, shall take  
19       such actions as may be necessary to ensure that borrowers  
20       who have outstanding eligible Federal student loans or  
21       outstanding eligible private student loans (as defined in  
22       section 459C of the Higher Education Act of 1965, as  
23       added by this Act) are aware of the loan forgiveness pro-  
24       grams authorized by this Act. Such information shall—

1           (1) be presented in a form that is widely avail-  
2           able to the public, especially to borrowers with out-  
3           standing Federal and private student loans;

4           (2) be easily understandable; and

5           (3) clearly notify borrowers of eligible private  
6           student loans—

7                   (A) that borrowers must apply for loan  
8                   forgiveness under this Act, and must do so no  
9                   later than the date that is 180 days after the  
10                  date of enactment of this Act; and

11                   (B) of the application process and require-  
12                  ments to apply for forgiveness of eligible private  
13                  student loans in accordance with this Act.

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