

116TH CONGRESS  
1ST SESSION

# H. R. 3598

To amend the Higher Education Act of 1965 to automatically discharge the loans of certain veteran borrowers, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 28, 2019

Mr. LAMB (for himself, Mr. FITZPATRICK, Mr. COURTNEY, Mr. RESCHENTHALER, and Mr. LEVIN of Michigan) introduced the following bill; which was referred to the Committee on Education and Labor

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## A BILL

To amend the Higher Education Act of 1965 to automatically discharge the loans of certain veteran borrowers, 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 “Federally Requiring  
5 Earned Education-debt Discharges for Vets Act” or the  
6 “FREED Vets Act”.

1 **SEC. 2. AUTOMATIC LOAN DISCHARGE FOR CERTAIN VET-**  
2 **ERAN BORROWERS.**

3 Section 437(a) of the Higher Education Act of 1965  
4 (20 U.S.C. 1087(a)) is amended—

5 (1) by striking paragraph (2) and inserting the  
6 following:

7 “(2) **DISABILITY DETERMINATIONS.**—With re-  
8 spect to a borrower who has been identified under  
9 clause (i) or (ii) of paragraph (3)(A), the Secretary  
10 shall—

11 “(A) consider such borrower permanently  
12 and totally disabled for the purpose of dis-  
13 charging the loans of such borrower under this  
14 subsection;

15 “(B) discharge the loans of such borrower  
16 under this subsection, without any further ac-  
17 tion by the borrower (except that this subpara-  
18 graph shall not apply to a borrower who opts  
19 out of such discharge under subparagraph (C));

20 “(C) in a case of a borrower who lives in  
21 a State that may impose a tax liability (as de-  
22 scribed in paragraph (4)) for such a loan dis-  
23 charge—

24 “(i) notify the borrower of the pos-  
25 sible tax liability; and

1                   “(ii) provide an opportunity to opt-out  
2                   of such loan discharge; and

3                   “(D) notify such borrower of potential  
4                   Federal tax implications of such loan discharge  
5                   under this subsection.”; and

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

7                   “(3) MATCHING PROGRAM.—

8                   “(A) IN GENERAL.—Not less than twice  
9                   per year, the Secretary of Education and the  
10                  Secretary of Veterans Affairs shall carry out a  
11                  computer matching program under which the  
12                  Secretary of Education identifies a borrower—

13                  “(i) who has been assigned a rating of  
14                  total disability by the Secretary of Vet-  
15                  erans Affairs for a service-connected dis-  
16                  ability (as defined in section 101 of title  
17                  38, United States Code); or

18                  “(ii) who has been determined by the  
19                  Secretary of Veterans Affairs to be unem-  
20                  ployable due to a service-connected condi-  
21                  tion.

22                  “(B) MINOR DISCREPANCIES.—With re-  
23                  spect to each borrower who would have been  
24                  identified under clause (i) or (ii) of subpara-  
25                  graph (A) but for a minor discrepancy between

1 the information of the borrower maintained by  
2 the Secretary of Education and the Secretary of  
3 Veterans Affairs (such as a name discrepancy  
4 post-marriage, a missing hyphen, a transposed  
5 number or letter, or other typo), the Secretary  
6 of Education and the Secretary of Veterans Af-  
7 fairs shall work together to correct such minor  
8 discrepancy of such borrower.

9 “(4) STATE TAX LIABILITY.—The Secretary  
10 shall determine whether a State may impose a tax  
11 liability for the discharge of a loan under this sub-  
12 section, and in making that determination, the Sec-  
13 retary shall—

14 “(A) in the case of a State which does not  
15 have an income tax, or which excludes discharge  
16 of student loans from its definition of income  
17 for tax purposes, determine that the State will  
18 not impose tax liability;

19 “(B) in the case of a State which conforms  
20 the relevant provisions of its tax law to section  
21 108 of the Internal Revenue Code of 1986, de-  
22 termine that the State will not impose tax li-  
23 ability; and

24 “(C) in the case of a State which does not  
25 conform the relevant provisions of its tax law to

1 section 108 of the Internal Revenue Code of  
2 1986, consult with the tax authority of that  
3 State to determine if the State would seek to  
4 impose tax liability and, if not, determine that  
5 a State will not impose tax liability.”.

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