To amend the Higher Education Act of 1965 to allow qualified entrepreneurs to temporarily defer Federal student loan payments after starting a new business.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 15, 2020

Mr. GALLEGO (for himself, Mr. SWALWELL of California, and Ms. HAALAND) introduced the following bill; which was referred to the Committee on Education and Labor

A BILL

To amend the Higher Education Act of 1965 to allow qualified entrepreneurs to temporarily defer Federal student loan payments after starting a new business.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Relief and Investment for Student Entrepreneurs Act” or the “RISE Act”.

SEC. 2. DEFERMENT OF FEDERAL STUDENT LOAN PAYMENTS FOR QUALIFIED ENTREPRENEURS.

Section 455(f) of the Higher Education Act of 1965 (20 U.S.C. 1087e(f)) is amended—
(1) in paragraph (1)—

(A) by striking “or” at the end of subparagraph (A)(ii);

(B) by striking the period at the end of subparagraph (B) and inserting “; or”; and

(C) by adding at the end the following:

“(C) notwithstanding subparagraphs (A) and (B), in the case of a deferment described in paragraph (2)(E), shall not accrue.”;

(2) in paragraph (2)—

(A) in subparagraph (C), by striking “or” at the end;

(B) in subparagraph (D), by striking the period at the end and inserting “; or”; and

(C) by adding at the end the following new subparagraph:

“(E) subject to paragraph (5), not in excess of 3 years during which the borrower is a qualified entrepreneur.”; and

(3) by adding at the end the following new paragraph:

“(5) D EFERMENT FOR QUALIFIED ENTRE-
PRENEURS.—

“(A) D EFINITION OF QUALIFIED ENTRE-
PRENEUR.—For the purpose of this subsection,
the term ‘qualified entrepreneur’ means a borrower who—

“(i) receives a degree from an institution of higher education during the 10-year period ending on the date on which the borrower requests a deferment under paragraph (2)(E);

“(ii) registers at least 1 business entity in a State during the 18-month period ending on the date on which the borrower requests a deferment under paragraph (2)(E);

“(iii) raises capital investment of not less than $15,000 for such business entity; and

“(iv) has an outstanding balance of principal and interest on a loan made under this part of not less than $5,000.

“(B) MINIMUM EMPLOYEE REQUIREMENT.—A borrower granted deferment under paragraph (2)(E) shall not be eligible to continue such deferment unless, on the date that is 1 year after the date on which such deferment is granted, the borrower—
“(i) employs at the business entity described in subparagraph (A)(ii) not fewer than 1 full-time employee who is not the borrower or relative of the borrower; and

“(ii) pays such employees at a rate not less than the minimum wage prescribed by the State or locality in which the business entity is located.”.

SEC. 3. LOAN CANCELLATION FOR ENTREPRENEURS.

Part D of title IV of the Higher Education Act of 1965 (20 U.S.C. 1087a et seq.) is further amended by adding at the end the following:

“SEC. 460A. LOAN CANCELLATION FOR ENTREPRENEURS.

“(a) PROGRAM AUTHORIZED.—The Secretary is authorized to carry out a program of canceling the obligation to repay a qualified loan amount in accordance with subsection (b) for Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans made under this part for any borrower who—

“(1) for not less than a 3-year period and not more than a 10-year period ending on the date on which the borrower requests a cancellation under this section, has owned and controlled a qualified HUBZone small business concern (as determined by the Administrator of the Small Business Administra-
tion), which has been registered as business in a
State; and

“(2) is not in default on a loan for which the
borrower seeks forgiveness.

“(b) QUALIFIED LOAN AMOUNT.—

“(1) IN GENERAL.—The Secretary shall cancel
not more than $17,500 in the aggregate of the loan
obligation on a Federal Direct Stafford Loan or a
Federal Direct Unsubsidized Stafford Loan that is
outstanding.

“(2) TREATMENT OF CONSOLIDATION LOANS.—
A loan amount for a Federal Direct Consolidation
Loan may be a qualified loan amount for the pur-
poses of this subsection only to the extent that such
loan amount was used to repay a Federal Direct
Stafford Loan, a Federal Direct Unsubsidized Staff-
ford Loan, or a loan made under section 428 or
428H, for a borrower who meets the requirements of
subsection (a), as determined in accordance with
regulations prescribed by the Secretary.

“(c) PRIORITY.—The Secretary shall grant loan for-
giveness under this section on a first-come, first-served
basis, and subject to the availability of appropriations.
“(d) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to authorize the refunding of any repayment of a loan.”.

SEC. 4. PUBLICATION AND REPORT.

(a) PUBLICATION.—The Secretary of Education and the Administrator of the Small Business Administration shall each make available, on publicly accessible websites of the Department of Education and the Small Business Administration, respectively, information on the student loan deferment program for qualified entrepreneurs under section 455(f) of the Higher Education Act of 1965 (20 U.S.C. 1087e(f)), as amended by this Act.

(b) REPORT TO CONGRESS.—Not later than 180 days after the date of the enactment of this Act, the Secretary of Education shall submit to Congress a report that includes—

(1) an assessment of the progress of the Secretary in carrying out the student loan deferment program for qualified entrepreneurs under section 455(f) of the Higher Education Act of 1965 (20 U.S.C. 1087e(f)), as amended by this Act; and

(2) a description of any ongoing efforts to increase participation in such program.