

116TH CONGRESS  
1ST SESSION

# S. 2049

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 SENATE OF THE UNITED STATES

JUNE 28 (legislative day, JUNE 27), 2019

Mr. REED (for himself and Mr. ISAKSON) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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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. AUTOMATIC LOAN DISCHARGE FOR CERTAIN**  
4 **VETERAN BORROWERS.**

5 Section 437(a) of the Higher Education Act of 1965  
6 (20 U.S.C. 1087(a)) is amended—

7 (1) by striking paragraph (2) and inserting the  
8 following:

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

5                   “(A) consider such borrower permanently  
 6                   and totally disabled for the purpose of dis-  
 7                   charging the loans of such borrower under this  
 8                   subsection;

9                   “(B) discharge the loans of such borrower  
 10                  under this subsection, without any further ac-  
 11                  tion by the borrower (except that this subpara-  
 12                  graph shall not apply to a borrower who opts  
 13                  out of such discharge under subparagraph (C));

14                  “(C) in a case of a borrower who lives in  
 15                  a State that may impose a tax liability (as de-  
 16                  scribed in paragraph (4)) for such a loan dis-  
 17                  charge—

18                           “(i) notify the borrower of the pos-  
 19                           sible tax liability; and

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

22                   “(D) notify such borrower of potential  
 23                  Federal tax implications of such loan discharge  
 24                  under this subsection.”; and

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

1 “(3) MATCHING PROGRAM.—

2 “(A) IN GENERAL.—Not less than twice  
3 per year, the Secretary of Education and the  
4 Secretary of Veterans Affairs shall carry out a  
5 computer matching program under which the  
6 Secretary of Education identifies a borrower—

7 “(i) who has been assigned a rating of  
8 total disability by the Secretary of Vet-  
9 erans Affairs for a service-connected dis-  
10 ability (as defined in section 101 of title  
11 38, United States Code); or

12 “(ii) who has been determined by the  
13 Secretary of Veterans Affairs to be unem-  
14 ployable due to a service-connected condi-  
15 tion.

16 “(B) MINOR DISCREPANCIES.—With re-  
17 spect to each borrower who would have been  
18 identified under clause (i) or (ii) of subpara-  
19 graph (A) but for a minor discrepancy between  
20 the information of the borrower maintained by  
21 the Secretary of Education and the Secretary of  
22 Veterans Affairs (such as a name discrepancy  
23 post marriage, a missing hyphen, a transposed  
24 number or letter, or other typo), the Secretary  
25 of Education and the Secretary of Veterans Af-

1           fairs shall work together to correct such minor  
2           discrepancy of such borrower.

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

8                   “(A) in the case of a State which does not  
9                   have an income tax, or which excludes discharge  
10                  of student loans from its definition of income  
11                  for tax purposes, determine that the State will  
12                  not impose tax liability;

13                  “(B) in the case of a State which conforms  
14                  the relevant provisions of its tax law to section  
15                  108 of the Internal Revenue Code of 1986, de-  
16                  termine that the State will not impose tax li-  
17                  ability; and

18                  “(C) in the case of a State which does not  
19                  conform the relevant provisions of its tax law to  
20                  section 108 of the Internal Revenue Code of  
21                  1986, consult with the tax authority of that  
22                  State to determine if the State would seek to  
23                  impose tax liability and, if not, determine that  
24                  a State will not impose tax liability.”.

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