

115TH CONGRESS  
1ST SESSION

# S. 1162

To amend the Higher Education Act of 1965 to provide for the refinancing of certain Federal student loans, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

MAY 17, 2017

Ms. WARREN (for herself, Mr. SCHUMER, Mrs. MURRAY, Ms. BALDWIN, Mr. BENNET, Mr. BLUMENTHAL, Mr. BOOKER, Mr. BROWN, Mr. CARDIN, Mr. CASEY, Ms. DUCKWORTH, Mr. DURBIN, Mr. FRANKEN, Mrs. GILLIBRAND, Ms. HARRIS, Ms. HASSAN, Mr. HEINRICH, Ms. HEITKAMP, Ms. HIRONO, Ms. KLOBUCHAR, Mr. LEAHY, Mr. MANCHIN, Mr. MARKEY, Mr. MENENDEZ, Mr. MERKLEY, Mr. MURPHY, Mr. PETERS, Mr. REED, Mr. SANDERS, Mrs. SHAHEEN, Ms. STABENOW, Mr. UDALL, Mr. VAN HOLLEN, Mr. WHITEHOUSE, Mr. WYDEN, Ms. CORTEZ MASTO, and Mrs. MCCASKILL) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Higher Education Act of 1965 to provide for the refinancing of certain Federal student loans, 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 “Bank on Students  
5 Emergency Loan Refinancing Act”.

# **TITLE I—REFINANCING PROGRAMS**

## **SEC. 101. REFINANCING PROGRAMS.**

(a) PROGRAM AUTHORITY.—Section 451(a) of the Higher Education Act of 1965 (20 U.S.C. 1087a(a)) is amended—

(1) by striking “and (2)” and inserting “(2)”;  
and

(2) by inserting “; and (3) to make loans under section 460A and section 460B” after “section 459A”.

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

### **“SEC. 460A. REFINANCING FFEL AND FEDERAL DIRECT LOANS.**

“(a) IN GENERAL.—Beginning not later than 180 days after the date of enactment of the Bank on Students Emergency Loan Refinancing Act, the Secretary shall establish a program under which the Secretary, upon the receipt of an application from a qualified borrower, makes a loan under this part, in accordance with the provisions of this section, in order to permit the borrower to obtain the interest rate provided under subsection (c).

“(b) REFINANCING DIRECT LOANS.—

1           “(1) FEDERAL DIRECT LOANS.—Upon applica-  
2           tion of a qualified borrower, the Secretary shall  
3           repay a Federal Direct Stafford Loan, a Federal Di-  
4           rect Unsubsidized Stafford Loan, a Federal Direct  
5           PLUS Loan, or a Federal Direct Consolidation  
6           Loan of the qualified borrower, for which the first  
7           disbursement was made, or the application for the  
8           consolidation loan was received, before July 1, 2017,  
9           with the proceeds of a refinanced Federal Direct  
10          Stafford Loan, a Federal Direct Unsubsidized Staf-  
11          ford Loan, a Federal Direct PLUS Loan, or a Fed-  
12          eral Direct Consolidation Loan, respectively, issued  
13          to the borrower in an amount equal to the sum of  
14          the unpaid principal, accrued unpaid interest, and  
15          late charges of the original loan.

16          “(2) REFINANCING FFEL PROGRAM LOANS AS  
17          REFINANCED FEDERAL DIRECT LOANS.—Upon ap-  
18          plication of a qualified borrower for any loan that  
19          was made, insured, or guaranteed under part B and  
20          for which the first disbursement was made, or the  
21          application for the consolidation loan was received,  
22          before July 1, 2010, the Secretary shall make a loan  
23          under this part, in an amount equal to the sum of  
24          the unpaid principal, accrued unpaid interest, and

1 late charges of the original loan to the borrower in  
2 accordance with the following:

3 “(A) The Secretary shall pay the proceeds  
4 of such loan to the eligible lender of the loan  
5 made, insured, or guaranteed under part B, in  
6 order to discharge the borrower from any re-  
7 maining obligation to the lender with respect to  
8 the original loan.

9 “(B) A loan made under this section that  
10 was—

11 “(i) a loan originally made, insured,  
12 or guaranteed under section 428 shall be a  
13 Federal Direct Stafford Loan;

14 “(ii) a loan originally made, insured,  
15 or guaranteed under section 428B shall be  
16 a Federal Direct PLUS Loan;

17 “(iii) a loan originally made, insured,  
18 or guaranteed under section 428H shall be  
19 a Federal Direct Unsubsidized Stafford  
20 Loan; and

21 “(iv) a loan originally made, insured,  
22 or guaranteed under section 428C shall be  
23 a Federal Direct Consolidation Loan.

1           “(C) The interest rate for each loan made  
2           by the Secretary under this paragraph shall be  
3           the rate provided under subsection (c).

4           “(c) INTEREST RATES.—

5           “(1) IN GENERAL.—The interest rate for the  
6           refinanced Federal Direct Stafford Loans, Federal  
7           Direct Unsubsidized Stafford Loans, Federal Direct  
8           PLUS Loans, and Federal Direct Consolidation  
9           Loans, shall be a rate equal to—

10           “(A) in any case where the original loan  
11           was a loan under section 428 or 428H, a Fed-  
12           eral Direct Stafford loan, or a Federal Direct  
13           Unsubsidized Stafford Loan, that was issued to  
14           an undergraduate student, a rate equal to the  
15           rate for Federal Direct Stafford Loans and  
16           Federal Direct Unsubsidized Stafford Loans  
17           issued to undergraduate students for the 12-  
18           month period beginning on July 1, 2016, and  
19           ending on June 30, 2017;

20           “(B) in any case where the original loan  
21           was a loan under section 428 or 428H, a Fed-  
22           eral Direct Stafford Loan, or a Federal Direct  
23           Unsubsidized Stafford Loan, that was issued to  
24           a graduate or professional student, a rate equal  
25           to the rate for Federal Direct Unsubsidized

Stafford Loans issued to graduate or professional students for the 12-month period beginning on July 1, 2016, and ending on June 30, 2017;

“(C) in any case where the original loan was a loan under section 428B or a Federal Direct PLUS Loan, a rate equal to the rate for Federal Direct PLUS Loans for the 12-month period beginning on July 1, 2016, and ending on June 30, 2017; and

“(D) in any case where the original loan was a loan under section 428C or a Federal Direct Consolidation Loan, a rate calculated in accordance with paragraph (2).

“(2) INTEREST RATES FOR CONSOLIDATION LOANS.—

“(A) METHOD OF CALCULATION.—In order to determine the interest rate for any refinanced Federal Direct Consolidation Loan under paragraph (1)(D), the Secretary shall—

“(i) determine each of the component loans that were originally consolidated in the loan under section 428C or the Federal Direct Consolidation Loan, and calculate the proportion of the unpaid principal bal-

ance of the loan under section 428C or the Federal Direct Consolidation Loan that each component loan represents;

“(ii) use the proportions determined in accordance with clause (i) and the interest rate applicable for each component loan, as determined under subparagraph (B), to calculate the weighted average of the interest rates on the loans consolidated into the loan under section 428C or the Federal Direct Consolidation Loan; and

“(iii) apply the weighted average calculated under clause (ii) as the interest rate for the refinanced Federal Direct Consolidation Loan.

“(B) INTEREST RATES FOR COMPONENT LOANS.—The interest rates for the component loans of a loan made under section 428C or a Federal Direct Consolidation Loan shall be the following:

“(i) The interest rate for any loan under section 428 or 428H, Federal Direct Stafford Loan, or Federal Direct Unsubsidized Stafford Loan issued to an under-

graduate student shall be a rate equal to  
the lesser of—

“(I) the rate for Federal Direct  
Stafford Loans and Federal Direct  
Unsubsidized Stafford Loans issued  
to undergraduate students for the 12-  
month period beginning on July 1,  
2016, and ending on June 30, 2017;  
or

“(II) the original interest rate of  
the component loan.

“(ii) The interest rate for any loan  
under section 428 or 428H, Federal Direct  
Stafford Loan, or Federal Direct Unsub-  
sidized Stafford Loan issued to a graduate  
or professional student shall be a rate  
equal to the lesser of—

“(I) the rate for Federal Direct  
Unsubsidized Stafford Loans issued  
to graduate or professional students  
for the 12-month period beginning on  
July 1, 2016, and ending on June 30,  
2017; or

“(II) the original interest rate of  
the component loan.



1           “(iii) The interest rate for any loan  
 2           under section 428B or Federal Direct  
 3           PLUS Loan shall be a rate equal to the  
 4           lesser of—

5                       “(I) the rate for Federal Direct  
 6                       PLUS Loans for the 12-month period  
 7                       beginning on July 1, 2016, and end-  
 8                       ing on June 30, 2017; or

9                       “(II) the original interest rate of  
 10                      the component loan.

11           “(iv) The interest rate for any compo-  
 12           nent loan that is a loan under section  
 13           428C or a Federal Direct Consolidation  
 14           Loan shall be the weighted average of the  
 15           interest rates that would apply under this  
 16           subparagraph for each loan comprising the  
 17           component consolidation loan.

18           “(v) The interest rate for any eligible  
 19           loan that is a component of a loan made  
 20           under section 428C or a Federal Direct  
 21           Consolidation Loan and is not described in  
 22           clauses (i) through (iv) shall be the inter-  
 23           est rate on the original component loan.

24           “(3) FIXED RATE.—The applicable rate of in-  
 25           terest determined under paragraph (1) for a refi-

1       nanced loan under this section shall be fixed for the  
2       period of the loan.

3       “(d) TERMS AND CONDITIONS OF LOANS.—

4               “(1) IN GENERAL.—A loan that is refinanced  
5       under this section shall have the same terms and  
6       conditions as the original loan, except as otherwise  
7       provided in this section.

8               “(2) NO AUTOMATIC EXTENSION OF REPAY-  
9       MENT PERIOD.—Refinancing a loan under this sec-  
10      tion shall not result in the extension of the duration  
11      of the repayment period of the loan, and the bor-  
12      rower shall retain the same repayment term that  
13      was in effect on the original loan. Nothing in this  
14      paragraph shall be construed to prevent a borrower  
15      from electing a different repayment plan at any time  
16      in accordance with section 455(d)(3).

17      “(e) DEFINITION OF QUALIFIED BORROWER.—

18               “(1) IN GENERAL.—For purposes of this sec-  
19      tion, the term ‘qualified borrower’ means a bor-  
20      rower—

21                   “(A) of a loan under this part or part B  
22                   for which the first disbursement was made, or  
23                   the application for a consolidation loan was re-  
24                   ceived, before July 1, 2017; and

1           “(B) who meets the eligibility requirements  
2           based on income or debt-to-income ratio estab-  
3           lished by the Secretary.

4           “(2) INCOME REQUIREMENTS.—Not later than  
5           180 days after the date of enactment of the Bank  
6           on Students Emergency Loan Refinancing Act, the  
7           Secretary shall establish eligibility requirements  
8           based on income or debt-to-income ratio that take  
9           into consideration providing access to refinancing  
10          under this section for borrowers with the greatest fi-  
11          nancial need.

12          “(f) NOTIFICATION TO BORROWERS.—The Secretary,  
13          in coordination with the Director of the Bureau of Con-  
14          sumer Financial Protection, shall undertake a campaign  
15          to alert borrowers of loans that are eligible for refinancing  
16          under this section that the borrowers are eligible to apply  
17          for such refinancing. The campaign shall include the fol-  
18          lowing activities:

19               “(1) Developing consumer information mate-  
20               rials about the availability of Federal student loan  
21               refinancing.

22               “(2) Requiring servicers of loans under this  
23               part or part B to provide such consumer information  
24               to borrowers in a manner determined appropriate by

1 the Secretary, in consultation with the Director of  
 2 the Bureau of Consumer Financial Protection.

3 **“SEC. 460B. FEDERAL DIRECT REFINANCED PRIVATE LOAN**  
 4 **PROGRAM.**

5 “(a) DEFINITIONS.—In this section:

6 “(1) ELIGIBLE PRIVATE EDUCATION LOAN.—

7 The term ‘eligible private education loan’ means a  
 8 private education loan, as defined in section 140(a)  
 9 of the Truth in Lending Act (15 U.S.C. 1650(a)),  
 10 that—

11 “(A) was disbursed to the borrower before  
 12 July 1, 2017; and

13 “(B) was for the borrower’s own postsec-  
 14 ondary educational expenses for an eligible pro-  
 15 gram at an institution of higher education par-  
 16 ticipating in the loan program under this part,  
 17 as of the date that the loan was disbursed.

18 “(2) FEDERAL DIRECT REFINANCED PRIVATE  
 19 LOAN.—The term ‘Federal Direct Refinanced Pri-  
 20 vate Loan’ means a loan issued under subsection  
 21 (b)(1).

22 “(3) PRIVATE EDUCATIONAL LENDER.—The  
 23 term ‘private educational lender’ has the meaning  
 24 given the term in section 140(a) of the Truth in  
 25 Lending Act (15 U.S.C. 1650(a)).

1           “(4) QUALIFIED BORROWER.—The term ‘quali-  
2       fied borrower’ means an individual who—

3                   “(A) has an eligible private education loan;

4                   “(B) has been current on payments on the  
5       eligible private education loan for the 6 months  
6       prior to the date of the qualified borrower’s ap-  
7       plication for refinancing under this section, and  
8       is in good standing on the loan at the time of  
9       such application;

10                  “(C) is not in default on the eligible pri-  
11       vate education loan or on any loan made, in-  
12       sured, or guaranteed under this part or part B  
13       or E; and

14                  “(D) meets the eligibility requirements de-  
15       scribed in subsection (b)(2).

16       “(b) PROGRAM AUTHORIZED.—

17                  “(1) IN GENERAL.—The Secretary, in consulta-  
18       tion with the Secretary of the Treasury, shall carry  
19       out a program under which the Secretary, upon ap-  
20       plication by a qualified borrower who has an eligible  
21       private education loan, shall issue such borrower a  
22       loan under this part in accordance with the fol-  
23       lowing:

24                   “(A) The loan issued under this program  
25       shall be in an amount equal to the sum of the

1           unpaid principal, accrued unpaid interest, and  
2           late charges of the private education loan.

3           “(B) The Secretary shall pay the proceeds  
4           of the loan issued under this program to the  
5           private educational lender of the private edu-  
6           cation loan, in order to discharge the qualified  
7           borrower from any remaining obligation to the  
8           lender with respect to the original loan.

9           “(C) The Secretary shall require that the  
10          qualified borrower undergo loan counseling that  
11          provides all of the information and counseling  
12          required under clauses (i) through (viii) of sec-  
13          tion 485(b)(1)(A) before the loan is refinanced  
14          in accordance with this section, and before the  
15          proceeds of such loan are paid to the private  
16          educational lender.

17          “(D) The Secretary shall issue the loan as  
18          a Federal Direct Refinanced Private Loan,  
19          which shall have the same terms, conditions,  
20          and benefits as a Federal Direct Unsubsidized  
21          Stafford Loan, except as otherwise provided in  
22          this section.

23          “(2) BORROWER ELIGIBILITY.—Not later than  
24          180 days after the date of enactment of the Bank  
25          on Students Emergency Loan Refinancing Act, the

1 Secretary, in consultation with the Secretary of the  
 2 Treasury and the Director of the Bureau of Con-  
 3 sumer Financial Protection, shall establish eligibility  
 4 requirements—

5 “(A) based on income or debt-to-income  
 6 ratio that take into consideration providing ac-  
 7 cess to refinancing under this section for bor-  
 8 rowers with the greatest financial need;

9 “(B) to ensure eligibility only for bor-  
 10 rowers in good standing;

11 “(C) to minimize inequities between Fed-  
 12 eral Direct Refinanced Private Loans and other  
 13 Federal student loans;

14 “(D) to preclude windfall profits for pri-  
 15 vate educational lenders; and

16 “(E) to ensure full access to the program  
 17 authorized in this subsection for borrowers with  
 18 private loans who otherwise meet the criteria  
 19 established in accordance with subparagraphs  
 20 (A) and (B).

21 “(c) INTEREST RATE.—

22 “(1) IN GENERAL.—The interest rate for a  
 23 Federal Direct Refinanced Private Loan is—

24 “(A) in the case of a Federal Direct Refi-  
 25 nanced Private Loan for a private education

1 loan originally issued for undergraduate post-  
2 secondary educational expenses, a rate equal to  
3 the rate for Federal Direct Stafford Loans and  
4 Federal Direct Unsubsidized Stafford Loans  
5 issued to undergraduate students for the 12-  
6 month period beginning on July 1, 2016, and  
7 ending on June 30, 2017; and

8 “(B) in the case of a Federal Direct Refi-  
9 nanced Private Loan for a private education  
10 loan originally issued for graduate or profes-  
11 sional degree postsecondary educational ex-  
12 penses, a rate equal to the rate for Federal Di-  
13 rect Unsubsidized Stafford Loans issued to  
14 graduate or professional students for the 12-  
15 month period beginning on July 1, 2016, and  
16 ending on June 30, 2017.

17 “(2) COMBINED UNDERGRADUATE AND GRAD-  
18 UATE STUDY LOANS.—If a Federal Direct Refi-  
19 nanced Private Loan is for a private education loan  
20 originally issued for both undergraduate and grad-  
21 uate or professional postsecondary educational ex-  
22 penses, the interest rate shall be a rate equal to the  
23 rate for Federal Direct PLUS Loans for the 12-  
24 month period beginning on July 1, 2016, and ending  
25 on June 30, 2017.



1           “(3) FIXED RATE.—The applicable rate of in-  
 2           terest determined under this subsection for a Fed-  
 3           eral Direct Refinanced Private Loan shall be fixed  
 4           for the period of the loan.

5           “(d) NO INCLUSION IN AGGREGATE LIMITS.—The  
 6           amount of a Federal Direct Refinanced Private Loan, or  
 7           a Federal Direct Consolidated Loan to the extent such  
 8           loan was used to repay a Federal Direct Refinanced Pri-  
 9           vate Loan, shall not be included in calculating a bor-  
 10          rower’s annual or aggregate loan limits under section 428  
 11          or 428H.

12          “(e) NO ELIGIBILITY FOR SERVICE-RELATED RE-  
 13          PAYMENT.—Notwithstanding sections 428K(a)(2)(A),  
 14          428L(b)(2), 455(m)(3)(A), and 460(b), a Federal Direct  
 15          Refinanced Private Loan, or any Federal Direct Consoli-  
 16          dation Loan to the extent such loan was used to repay  
 17          a Federal Direct Refinanced Private Loan, shall not be  
 18          eligible for any loan repayment or loan forgiveness pro-  
 19          gram under section 428K, 428L, or 460 or for the repay-  
 20          ment plan for public service employees under section  
 21          455(m).

22          “(f) PRIVATE EDUCATIONAL LENDER REPORTING  
 23          REQUIREMENT.—

24                 “(1) REPORTING REQUIRED.—Not later than  
 25                 180 days after the date of enactment of the Bank

1       on Students Emergency Loan Refinancing Act, the  
2       Secretary, in consultation with the Secretary of the  
3       Treasury and the Director of the Bureau of Con-  
4       sumer Financial Protection, shall establish a re-  
5       quirement that private educational lenders report  
6       the data described in paragraph (2) to the Sec-  
7       retary, to Congress, to the Secretary of the Treas-  
8       ury, and to the Director of the Bureau of Consumer  
9       Financial Protection, in order to allow for an assess-  
10      ment of the private education loan market.

11           “(2) CONTENTS OF REPORTING.—The data  
12      that private educational lenders shall report in ac-  
13      cordance with paragraph (1) shall include each of  
14      the following about private education loans (as de-  
15      fined in section 140(a) of the Truth in Lending Act  
16      (15 U.S.C. 1650(a))):

17           “(A) The total amount of private education  
18      loan debt the lender holds.

19           “(B) The total number of private edu-  
20      cation loan borrowers the lender serves.

21           “(C) The average interest rate on the out-  
22      standing private education loan debt held by the  
23      lender.

1           “(D) The proportion of private education  
2           loan borrowers who are in default on a loan  
3           held by the lender.

4           “(E) The proportion of the outstanding  
5           private education loan volume held by the lend-  
6           er that is in default.

7           “(F) The proportions of outstanding pri-  
8           vate education loan borrowers who are 30, 60,  
9           and 90 days delinquent.

10          “(G) The proportions of outstanding pri-  
11          vate education loan volume that is 30, 60, and  
12          90 days delinquent.

13          “(g) NOTIFICATION TO BORROWERS.—The Sec-  
14          retary, in coordination with the Secretary of the Treasury  
15          and the Director of the Bureau of Consumer Financial  
16          Protection, shall undertake a campaign to alert borrowers  
17          about the availability of private student loan refinancing  
18          under this section.”.

19          (c) AMENDMENTS TO PUBLIC SERVICE REPAYMENT  
20          PLAN PROVISIONS.—Section 455(m) of the Higher Edu-  
21          cation Act of 1965 (20 U.S.C. 1087e(m)) is amended—

22                 (1) by redesignating paragraphs (3) and (4) as  
23                 paragraphs (4) and (5), respectively;

24                 (2) by inserting after paragraph (2) the fol-  
25                 lowing:

1           “(3) SPECIAL RULES FOR SECTION 460A  
2       LOANS.—

3           “(A) REFINANCED FEDERAL DIRECT  
4       LOANS.—Notwithstanding paragraph (1), in de-  
5       termining the number of monthly payments  
6       that meet the requirements of such paragraph  
7       for an eligible Federal Direct Loan refinanced  
8       under section 460A that was originally a loan  
9       under this part, the Secretary shall include all  
10      monthly payments made on the original loan  
11      that meet the requirements of such paragraph.

12          “(B) REFINANCED FFEL LOANS.—In the  
13      case of an eligible Federal Direct Loan refi-  
14      nanced under section 460A that was originally  
15      a loan under part B, only monthly payments  
16      made after the date on which the loan was refi-  
17      nanced may be included for purposes of para-  
18      graph (1).”; and

19          (3) in paragraph (4)(A) (as redesignated by  
20      paragraph (1)), by inserting “(including any Federal  
21      Direct Stafford Loan, Federal Direct PLUS Loan,  
22      Federal Direct Unsubsidized Stafford Loan, or Fed-  
23      eral Direct Consolidation Loan refinanced under sec-  
24      tion 460A)” before the period at the end.

1 (d) INCOME-BASED REPAYMENT.—Section 493C of  
 2 the Higher Education Act of 1965 (20 U.S.C. 1098e) is  
 3 amended by adding at the end the following:

4 “(f) SPECIAL RULE FOR REFINANCED LOANS.—

5 “(1) REFINANCED FEDERAL DIRECT AND FFEL  
 6 LOANS.—In calculating the period of time during  
 7 which a borrower of a loan that is refinanced under  
 8 section 460A has made monthly payments for pur-  
 9 poses of subsection (b)(7), the Secretary shall deem  
 10 the period to include all monthly payments made for  
 11 the original loan, and all monthly payments made  
 12 for the refinanced loan, that otherwise meet the re-  
 13 quirements of this section.

14 “(2) FEDERAL DIRECT REFINANCED PRIVATE  
 15 LOANS.—In calculating the period of time during  
 16 which a borrower of a Federal Direct Refinanced  
 17 Private Loan under section 460B has made monthly  
 18 payments for purposes of subsection (b)(7), the Sec-  
 19 retary shall include only payments—

20 “(A) that are made after the date of the  
 21 issuance of the Federal Direct Refinanced Pri-  
 22 vate Loan; and

23 “(B) that otherwise meet the requirements  
 24 of this section.”.

# 1       **TITLE II—FAIR SHARE TAX**

## 2   **SEC. 201. AMENDMENT OF 1986 CODE.**

3       Except as otherwise expressly provided, whenever in  
 4 this title an amendment or repeal is expressed in terms  
 5 of an amendment to, or repeal of, a section or other provi-  
 6 sion, the reference shall be considered to be made to a  
 7 section or other provision of the Internal Revenue Code  
 8 of 1986.

## 9   **SEC. 202. FAIR SHARE TAX ON HIGH-INCOME TAXPAYERS.**

10       (a) IN GENERAL.—Subchapter A of chapter 1 is  
 11 amended by adding at the end the following new part:

### 12   **“PART VII—FAIR SHARE TAX ON HIGH-INCOME** 13                                   **TAXPAYERS**

“Sec. 59A. Fair share tax.

#### 14   **“SEC. 59A. FAIR SHARE TAX.**

15       “(a) GENERAL RULE.—

16               “(1) PHASE-IN OF TAX.—In the case of any  
 17 high-income taxpayer, there is hereby imposed for a  
 18 taxable year (in addition to any other tax imposed  
 19 by this subtitle) a tax equal to the product of—

20                       “(A) the amount determined under para-  
 21 graph (2), and

22                       “(B) a fraction (not to exceed 1)—

23                               “(i) the numerator of which is the ex-  
 24 cess of—

1 “(I) the taxpayer’s adjusted  
2 gross income, over

3 “(II) the dollar amount in effect  
4 under subsection (c)(1), and

5 “(ii) the denominator of which is the  
6 dollar amount in effect under subsection  
7 (c)(1).

8 “(2) AMOUNT OF TAX.—The amount of tax de-  
9 termined under this paragraph is an amount equal  
10 to the excess (if any) of—

11 “(A) the tentative fair share tax for the  
12 taxable year, over

13 “(B) the excess of—

14 “(i) the sum of—

15 “(I) the regular tax liability (as  
16 defined in section 26(b)) for the tax-  
17 able year, determined without regard  
18 to any tax liability determined under  
19 this section,

20 “(II) the tax imposed by section  
21 55 for the taxable year, plus

22 “(III) the payroll tax for the tax-  
23 able year, over

1 “(ii) the credits allowable under part  
 2 IV of subchapter A (other than sections  
 3 27(a), 31, and 34).

4 “(b) TENTATIVE FAIR SHARE TAX.—For purposes  
 5 of this section—

6 “(1) IN GENERAL.—The tentative fair share tax  
 7 for the taxable year is 30 percent of the excess of—

8 “(A) the adjusted gross income of the tax-  
 9 payer, over

10 “(B) the modified charitable contribution  
 11 deduction for the taxable year.

12 “(2) MODIFIED CHARITABLE CONTRIBUTION  
 13 DEDUCTION.—For purposes of paragraph (1)—

14 “(A) IN GENERAL.—The modified chari-  
 15 table contribution deduction for any taxable  
 16 year is an amount equal to the amount which  
 17 bears the same ratio to the deduction allowable  
 18 under section 170 (section 642(c) in the case of  
 19 a trust or estate) for such taxable year as—

20 “(i) the amount of itemized deduc-  
 21 tions allowable under the regular tax (as  
 22 defined in section 55) for such taxable  
 23 year, determined after the application of  
 24 section 68, bears to



1 “(ii) such amount, determined before  
2 the application of section 68.

3 “(B) TAXPAYER MUST ITEMIZE.—In the  
4 case of any individual who does not elect to  
5 itemize deductions for the taxable year, the  
6 modified charitable contribution deduction shall  
7 be zero.

8 “(c) HIGH-INCOME TAXPAYER.—For purposes of this  
9 section—

10 “(1) IN GENERAL.—The term ‘high-income tax-  
11 payer’ means, with respect to any taxable year, any  
12 taxpayer (other than a corporation) with an adjusted  
13 gross income for such taxable year in excess of  
14 \$1,000,000 (50 percent of such amount in the case  
15 of a married individual who files a separate return).

16 “(2) INFLATION ADJUSTMENT.—

17 “(A) IN GENERAL.—In the case of a tax-  
18 able year beginning after 2018, the \$1,000,000  
19 amount under paragraph (1) shall be increased  
20 by an amount equal to—

21 “(i) such dollar amount, multiplied by

22 “(ii) the cost-of-living adjustment de-  
23 termined under section 1(f)(3) for the cal-  
24 endar year in which the taxable year be-  
25 gins, determined by substituting ‘calendar

1                   year 2017’ for ‘calendar year 1992’ in sub-  
2                   paragraph (B) thereof.

3                   “(B) ROUNDING.—If any amount as ad-  
4                   justed under subparagraph (A) is not a multiple  
5                   of \$10,000, such amount shall be rounded to  
6                   the next lowest multiple of \$10,000.

7                   “(d) PAYROLL TAX.—For purposes of this section,  
8                   the payroll tax for any taxable year is an amount equal  
9                   to the excess of—

10                  “(1) the taxes imposed on the taxpayer under  
11                  sections 1401, 1411, 3101, 3201, and 3211(a) (to  
12                  the extent such tax is attributable to the rate of tax  
13                  in effect under section 3101) with respect to such  
14                  taxable year or wages or compensation received dur-  
15                  ing such taxable year, over

16                  “(2) the deduction allowable under section  
17                  164(f) for such taxable year.

18                  “(e) SPECIAL RULE FOR ESTATES AND TRUSTS.—  
19                  For purposes of this section, in the case of an estate or  
20                  trust, adjusted gross income shall be computed in the  
21                  manner described in section 67(e).

22                  “(f) NOT TREATED AS TAX IMPOSED BY THIS CHAP-  
23                  TER FOR CERTAIN PURPOSES.—The tax imposed under  
24                  this section shall not be treated as tax imposed by this  
25                  chapter for purposes of determining the amount of any

1 credit under this chapter (other than the credit allowed  
2 under section 27(a)) or for purposes of section 55.”.

3 (b) CLERICAL AMENDMENT.—The table of parts for  
4 subchapter A of chapter 1 is amended by adding at the  
5 end the following new item:

“PART VII. FAIR SHARE TAX ON HIGH-INCOME TAXPAYERS”.

6 (c) EFFECTIVE DATE.—The amendments made by  
7 this section shall apply to taxable years beginning after  
8 December 31, 2017.

9 **TITLE III—DEFICIT NEUTRAL IM-**  
10 **PLEMENTATION OF STUDENT**  
11 **LOAN REFINANCING PRO-**  
12 **GRAMS**

13 **SEC. 301. DEFICIT NEUTRAL IMPLEMENTATION OF STU-**  
14 **DENT LOAN REFINANCING PROGRAMS;**  
15 **BUDGETARY EFFECTS.**

16 (a) AMOUNT OF REVENUE.—The Secretary of Edu-  
17 cation shall estimate the amount that is equal to the  
18 amount of the net increase in revenue received in the  
19 Treasury during the 10-year period beginning on the date  
20 of enactment of this Act attributable to the amendments  
21 made by title II of this Act.

22 (b) DEFICIT-NEUTRAL TERMINATION OF THE REFI-  
23 NANCING PROGRAM.—The Secretary of Education shall  
24 terminate the refinancing programs carried out under sec-  
25 tions 460A and 460B of the Higher Education Act of

1 1965 on the date that the net cost of carrying out such  
2 refinancing programs is equal to the amount of additional  
3 revenue estimated under subsection (a) or on the date that  
4 is 2 years after the date of enactment of this Act, which-  
5 ever occurs first.

6 (c) DEFICIT REDUCTION.—Any remaining increase  
7 in revenue described in subsection (a) and not used for  
8 the refinancing programs carried out under sections 460A  
9 and 460B of the Higher Education Act of 1965 shall be  
10 returned to the general fund of the Treasury for Federal  
11 budget deficit reduction.

12 (d) METHODOLOGY.—When estimating cost and rev-  
13 enue under this section, the Secretary of Education shall  
14 utilize the accounting methods and assumptions that are  
15 used by the Congressional Budget Office, as of the date  
16 of enactment of this Act, to make such estimations.

17 **SEC. 302. BUDGETARY EFFECTS.**

18 (a) PAYGO SCORECARD.—The budgetary effects of  
19 this Act and the amendments made by this Act shall not  
20 be entered on either PAYGO scorecard maintained pursu-  
21 ant to section 4(d) of the Statutory Pay-As-You-Go Act  
22 of 2010 (2 U.S.C. 933(d)).

23 (b) SENATE PAYGO SCORECARD.—The budgetary  
24 effects of this Act and the amendments made by this Act  
25 shall not be entered on any PAYGO scorecard maintained

1 for purposes of section 201 of S. Con. Res. 21 (110th Con-  
2 gress).

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