

115TH CONGRESS  
1ST SESSION

# H. R. 2477

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 HOUSE OF REPRESENTATIVES

MAY 17, 2017

Mr. COURTNEY (for himself, Ms. ADAMS, Mr. AGUILAR, Ms. BARRAGÁN, Mr. BEYER, Mr. BLUMENAUER, Ms. BONAMICI, Mr. BRENDAN F. BOYLE of Pennsylvania, Ms. BROWNLEY of California, Mrs. BUSTOS, Mr. CARBAJAL, Mr. CARTWRIGHT, Ms. CASTOR of Florida, Ms. JUDY CHU of California, Mr. CICILLINE, Mr. COHEN, Mr. CONNOLLY, Mr. CORREA, Mr. CUMMINGS, Mr. DEFazio, Ms. DEGETTE, Ms. DELAURO, Ms. DELBENE, Mr. DESAULNIER, Mrs. DINGELL, Ms. ESHOO, Ms. ESTY of Connecticut, Mr. EVANS, Mr. FOSTER, Mr. GRIJALVA, Mr. GUTIÉRREZ, Ms. HANABUSA, Mr. HASTINGS, Mr. HOYER, Ms. JAYAPAL, Mr. JOHNSON of Georgia, Mr. KILDEE, Mr. LANGEVIN, Mr. LARSON of Connecticut, Mrs. LAWRENCE, Mr. LAWSON of Florida, Mr. LEVIN, Mr. LOEBSACK, Mr. LOWENTHAL, Mrs. LOWEY, Mr. BEN RAY LUJÁN of New Mexico, Ms. MICHELLE LUJAN GRISHAM of New Mexico, Mr. LYNCH, Mrs. CAROLYN B. MALONEY of New York, Mr. SEAN PATRICK MALONEY of New York, Ms. MATSUI, Mr. MCGOVERN, Mr. MOULTON, Mr. NORCROSS, Ms. NORTON, Mr. O'ROURKE, Mr. PAYNE, Mr. PERLMUTTER, Ms. PINGREE, Mr. RASKIN, Miss RICE of New York, Mr. RYAN of Ohio, Mr. SABLAN, Ms. SÁNCHEZ, Ms. SCHAKOWSKY, Mr. SCHIFF, Mr. SCOTT of Virginia, Mr. SERRANO, Ms. SHEA-PORTER, Mr. SHERMAN, Ms. SLAUGHTER, Mr. SOTO, Mr. SWALWELL of California, Ms. TITUS, Mrs. TORRES, Ms. TSONGAS, Ms. VELÁZQUEZ, Mr. VISCLOSKY, Ms. WASSERMAN SCHULTZ, Mr. WELCH, Mr. YARMUTH, Mr. ENGEL, Mr. POCAN, Mr. DELANEY, Ms. CLARK of Massachusetts, Mr. CAPUANO, Mr. KENNEDY, Mr. NEAL, Mr. KILMER, Mr. KIND, Mr. CONYERS, Ms. SEWELL of Alabama, Mr. MICHAEL F. DOYLE of Pennsylvania, Mr. BRADY of Pennsylvania, Mr. CLEAVER, Mr. JEFFRIES, Mr. KEATING, Ms. KAPTUR, Mrs. DAVIS of California, Ms. BASS, Mr. DOGGETT, Ms. FUDGE, Ms. KUSTER of New Hampshire, Mr. LEWIS of Georgia, Ms. MOORE, Mr. PASCRELL, Mr. THOMPSON of California, Mr. VARGAS, Mr. HECK, Mr. PALLONE, Mr. CÁRDENAS, Mr. THOMPSON of Mississippi, Mr. PRICE of North Carolina, Mr. NOLAN, Ms. SPEIER, Mr. TAKANO, Ms. WILSON of Florida, Mr. ELLISON, Ms. CLARKE of New York, Mr. HUFFMAN, Mr. CARSON of Indiana, Ms. LOFGREN, Mr. WALZ, and Mr. SARBANES) in-

roduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committees on Ways and Means, and the Budget, 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 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”.

6                       **TITLE I—REFINANCING**  
 7                       **PROGRAMS**

8       **SEC. 101. REFINANCING PROGRAMS.**

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

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

13       and

14               (2) by inserting “; and (3) to make loans under  
 15       section 460A and section 460B” after “section  
 16       459A”.

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

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

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

14 “(b) REFINANCING DIRECT LOANS.—

15 “(1) FEDERAL DIRECT LOANS.—Upon applica-  
16 tion of a qualified borrower, the Secretary shall  
17 repay a Federal Direct Stafford Loan, a Federal Di-  
18 rect Unsubsidized Stafford Loan, a Federal Direct  
19 PLUS Loan, or a Federal Direct Consolidation  
20 Loan of the qualified borrower, for which the first  
21 disbursement was made, or the application for the  
22 consolidation loan was received, before July 1, 2017,  
23 with the proceeds of a refinanced Federal Direct  
24 Stafford Loan, a Federal Direct Unsubsidized Staf-  
25 ford Loan, a Federal Direct PLUS Loan, or a Fed-

1       eral Direct Consolidation Loan, respectively, issued  
2       to the borrower in an amount equal to the sum of  
3       the unpaid principal, accrued unpaid interest, and  
4       late charges of the original loan.

5               “(2) REFINANCING FFEL PROGRAM LOANS AS  
6       REFINANCED FEDERAL DIRECT LOANS.—Upon ap-  
7       plication of a qualified borrower for any loan that  
8       was made, insured, or guaranteed under part B and  
9       for which the first disbursement was made, or the  
10      application for the consolidation loan was received,  
11      before July 1, 2010, the Secretary shall make a loan  
12      under this part, in an amount equal to the sum of  
13      the unpaid principal, accrued unpaid interest, and  
14      late charges of the original loan to the borrower in  
15      accordance with the following:

16               “(A) The Secretary shall pay the proceeds  
17              of such loan to the eligible lender of the loan  
18              made, insured, or guaranteed under part B, in  
19              order to discharge the borrower from any re-  
20              maining obligation to the lender with respect to  
21              the original loan.

22               “(B) A loan made under this section that  
23              was originally—

1           “(i) a loan originally made, insured,  
2           or guaranteed under section 428 shall be a  
3           Federal Direct Stafford Loan;

4           “(ii) a loan originally made, insured,  
5           or guaranteed under section 428B shall be  
6           a Federal Direct PLUS Loan;

7           “(iii) a loan originally made, insured,  
8           or guaranteed under section 428H shall be  
9           a Federal Direct Unsubsidized Stafford  
10          Loan; and

11          “(iv) a loan originally made, insured,  
12          or guaranteed under section 428C shall be  
13          a Federal Direct Consolidation Loan.

14          “(C) The interest rate for each loan made  
15          by the Secretary under this paragraph shall be  
16          the rate provided under subsection (c).

17          “(c) INTEREST RATES.—

18                 “(1) IN GENERAL.—The interest rate for the  
19                 refinanced Federal Direct Stafford Loans, Federal  
20                 Direct Unsubsidized Stafford Loans, Federal Direct  
21                 PLUS Loans, and Federal Direct Consolidation  
22                 Loans, shall be a rate equal to—

23                         “(A) in any case where the original loan  
24                         was a loan under section 428 or 428H, a Fed-  
25                         eral Direct Stafford loan, or a Federal Direct

1           Unsubsidized Stafford Loan, that was issued to  
2           an undergraduate student, a rate equal to the  
3           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;

8           “(B) in any case where the original loan  
9           was a loan under section 428 or 428H, a Fed-  
10          eral Direct Stafford Loan, or a Federal Direct  
11          Unsubsidized Stafford Loan, that was issued to  
12          a graduate or professional student, a rate equal  
13          to the rate for Federal Direct Unsubsidized  
14          Stafford Loans issued to graduate or profes-  
15          sional students for the 12-month period begin-  
16          ning on July 1, 2016, and ending on June 30,  
17          2017;

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

24          “(D) in any case where the original loan  
25          was a loan under section 428C or a Federal Di-

1           rect Consolidation Loan, a rate calculated in ac-  
2           cordance with paragraph (2).

3           “(2) INTEREST RATES FOR CONSOLIDATION  
4           LOANS.—

5                   “(A) METHOD OF CALCULATION.—In  
6           order to determine the interest rate for any re-  
7           financed Federal Direct Consolidation Loan  
8           under paragraph (1)(D), the Secretary shall—

9                           “(i) determine each of the component  
10           loans that were originally consolidated in  
11           the loan under section 428C or the Federal  
12           Direct Consolidation Loan, and calculate  
13           the proportion of the unpaid principal bal-  
14           ance of the loan under section 428C or the  
15           Federal Direct Consolidation Loan that  
16           each component loan represents;

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

1           “(iii) apply the weighted average cal-  
2           culated under clause (ii) as the interest  
3           rate for the refinanced Federal Direct Con-  
4           solidation Loan.

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

10           “(i) The interest rate for any loan  
11           under section 428 or 428H, Federal Direct  
12           Stafford Loan, or Federal Direct Unsub-  
13           sidized Stafford Loan issued to an under-  
14           graduate student shall be a rate equal to  
15           the lesser of—

16           “(I) the rate for Federal Direct  
17           Stafford Loans and Federal Direct  
18           Unsubsidized Stafford Loans issued  
19           to undergraduate students for the 12-  
20           month period beginning on July 1,  
21           2016, and ending on June 30, 2017;  
22           or

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



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

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

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

15           “(iii) The interest rate for any loan  
16           under section 428B or Federal Direct  
17           PLUS Loan shall be a rate equal to the  
18           lesser of—

19                     “(I) the rate for Federal Direct  
20                     PLUS Loans for the 12-month period  
21                     beginning on July 1, 2016, and end-  
22                     ing on June 30, 2017; or

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

1           “(iv) The interest rate for any compo-  
2           nent loan that is a loan under section  
3           428C or a Federal Direct Consolidation  
4           Loan shall be the weighted average of the  
5           interest rates that would apply under this  
6           subparagraph for each loan comprising the  
7           component consolidation loan.

8           “(v) The interest rate for any eligible  
9           loan that is a component of a loan made  
10          under section 428C or a Federal Direct  
11          Consolidation Loan and is not described in  
12          clauses (i) through (iv) shall be the inter-  
13          est rate on the original component loan.

14          “(3) FIXED RATE.—The applicable rate of in-  
15          terest determined under paragraph (1) for a refi-  
16          nanced loan under this section shall be fixed for the  
17          period of the loan.

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

19                 “(1) IN GENERAL.—A loan that is refinanced  
20                 under this section shall have the same terms and  
21                 conditions as the original loan, except as otherwise  
22                 provided in this section.

23                 “(2) NO AUTOMATIC EXTENSION OF REPAY-  
24                 MENT PERIOD.—Refinancing a loan under this sec-  
25                 tion shall not result in the extension of the duration

1 of the repayment period of the loan, and the bor-  
2 rower shall retain the same repayment term that  
3 was in effect on the original loan. Nothing in this  
4 paragraph shall be construed to prevent a borrower  
5 from electing a different repayment plan at any time  
6 in accordance with section 455(d)(3).

7 “(e) DEFINITION OF QUALIFIED BORROWER.—

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

11 “(A) of a loan under this part or part B  
12 for which the first disbursement was made, or  
13 the application for a consolidation loan was re-  
14 ceived, before July 1, 2017; and

15 “(B) who meets the eligibility requirements  
16 based on income or debt-to-income ratio estab-  
17 lished by the Secretary.

18 “(2) INCOME REQUIREMENTS.—Not later than  
19 180 days after the date of enactment of the Bank  
20 on Students Emergency Loan Refinancing Act, the  
21 Secretary shall establish eligibility requirements  
22 based on income or debt-to-income ratio that take  
23 into consideration providing access to refinancing  
24 under this section for borrowers with the greatest fi-  
25 nancial need.

1       “(f) NOTIFICATION TO BORROWERS.—The Secretary,  
2 in coordination with the Director of the Bureau of Con-  
3 sumer Financial Protection, shall undertake a campaign  
4 to alert borrowers of loans that are eligible for refinancing  
5 under this section that the borrowers are eligible to apply  
6 for such refinancing. The campaign shall include the fol-  
7 lowing activities:

8               “(1) Developing consumer information mate-  
9 rials about the availability of Federal student loan  
10 refinancing.

11              “(2) Requiring servicers of loans under this  
12 part or part B to provide such consumer information  
13 to borrowers in a manner determined appropriate by  
14 the Secretary, in consultation with the Director of  
15 the Bureau of Consumer Financial Protection.

16 **“SEC. 460B. FEDERAL DIRECT REFINANCED PRIVATE LOAN**  
17 **PROGRAM.**

18       “(a) DEFINITIONS.—In this section:

19              “(1) ELIGIBLE PRIVATE EDUCATION LOAN.—  
20 The term ‘eligible private education loan’ means a  
21 private education loan, as defined in section 140(a)  
22 of the Truth in Lending Act (15 U.S.C. 1650(a)),  
23 that—

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

1           “(B) was for the borrower’s own postsec-  
2           ondary educational expenses for an eligible pro-  
3           gram at an institution of higher education par-  
4           ticipating in the loan program under this part,  
5           as of the date that the loan was disbursed.

6           “(2) FEDERAL DIRECT REFINANCED PRIVATE  
7           LOAN.—The term ‘Federal Direct Refinanced Pri-  
8           vate Loan’ means a loan issued under subsection  
9           (b)(1).

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

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

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

17                   “(B) has been current on payments on the  
18                   eligible private education loan for the 6 months  
19                   prior to the date of the qualified borrower’s ap-  
20                   plication for refinancing under this section, and  
21                   is in good standing on the loan at the time of  
22                   such application;

23                   “(C) is not in default on the eligible pri-  
24                   vate education loan or on any loan made, in-

1           sured, or guaranteed under this part or part B  
2           or E; and

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

5           “(b) PROGRAM AUTHORIZED.—

6                   “(1) IN GENERAL.—The Secretary, in consulta-  
7           tion with the Secretary of Treasury, shall carry out  
8           a program under which the Secretary, upon applica-  
9           tion by a qualified borrower who has an eligible pri-  
10          vate education loan, shall issue such borrower a loan  
11          under this part in accordance with the following:

12                   “(A) The loan issued under this program  
13          shall be in an amount equal to the sum of the  
14          unpaid principal, accrued unpaid interest, and  
15          late charges of the private education loan.

16                   “(B) The Secretary shall pay the proceeds  
17          of the loan issued under this program to the  
18          private educational lender of the private edu-  
19          cation loan, in order to discharge the qualified  
20          borrower from any remaining obligation to the  
21          lender with respect to the original loan.

22                   “(C) The Secretary shall require that the  
23          qualified borrower undergo loan counseling that  
24          provides all of the information and counseling  
25          required under clauses (i) through (viii) of sec-

1           tion 485(b)(1)(A) before the loan is refinanced  
2           in accordance with this section, and before the  
3           proceeds of such loan are paid to the private  
4           educational lender.

5           “(D) The Secretary shall issue the loan as  
6           a Federal Direct Refinanced Private Loan,  
7           which shall have the same terms, conditions,  
8           and benefits as a Federal Direct Unsubsidized  
9           Stafford Loan, except as otherwise provided in  
10          this section.

11          “(2) BORROWER ELIGIBILITY.—Not later than  
12          180 days after the date of enactment of the Bank  
13          on Students Emergency Loan Refinancing Act, the  
14          Secretary, in consultation with the Secretary of the  
15          Treasury and the Director of the Bureau of Con-  
16          sumer Financial Protection, shall establish eligibility  
17          requirements—

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

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

1           “(C) to minimize inequities between Fed-  
2           eral Direct Refinanced Private Loans and other  
3           Federal student loans;

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

6           “(E) to ensure full access to the program  
7           authorized in this subsection for borrowers with  
8           private loans who otherwise meet the criteria  
9           established in accordance with subparagraphs  
10          (A) and (B).

11       “(c) INTEREST RATE.—

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

14           “(A) in the case of a Federal Direct Refi-  
15          nanced Private Loan for a private education  
16          loan originally issued for undergraduate post-  
17          secondary educational expenses, a rate equal to  
18          the rate for Federal Direct Stafford Loans and  
19          Federal Direct Unsubsidized Stafford Loans  
20          issued to undergraduate students for the 12-  
21          month period beginning on July 1, 2016, and  
22          ending on June 30, 2017; and

23           “(B) in the case of a Federal Direct Refi-  
24          nanced Private Loan for a private education  
25          loan originally issued for graduate or profes-



1           sional degree postsecondary educational ex-  
2           penses, a rate equal to the rate for Federal Di-  
3           rect Unsubsidized Stafford Loans issued to  
4           graduate or professional students for the 12-  
5           month period beginning on July 1, 2016, and  
6           ending on June 30, 2017.

7           “(2) COMBINED UNDERGRADUATE AND GRAD-  
8           UATE STUDY LOANS.—If a Federal Direct Refi-  
9           nanced Private Loan is for a private education loan  
10          originally issued for both undergraduate and grad-  
11          uate or professional postsecondary educational ex-  
12          penses, the interest rate shall be a rate equal to the  
13          rate for Federal Direct PLUS Loans for the 12-  
14          month period beginning on July 1, 2016, and ending  
15          on June 30, 2017.

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

20          “(d) NO INCLUSION IN AGGREGATE LIMITS.—The  
21          amount of a Federal Direct Refinanced Private Loan, or  
22          a Federal Direct Consolidated Loan to the extent such  
23          loan was used to repay a Federal Direct Refinanced Pri-  
24          vate Loan, shall not be included in calculating a bor-

1 borrower's annual or aggregate loan limits under section 428  
2 or 428H.

3       “(e) NO ELIGIBILITY FOR SERVICE-RELATED RE-  
4 PAYMENT.—Notwithstanding sections 428K(a)(2)(A),  
5 428L(b)(2), 455(m)(3)(A), and 460(b), a Federal Direct  
6 Refinanced Private Loan, or any Federal Direct Consoli-  
7 dation Loan to the extent such loan was used to repay  
8 a Federal Direct Refinanced Private Loan, shall not be  
9 eligible for any loan repayment or loan forgiveness pro-  
10 gram under section 428K, 428L, or 460 or for the repay-  
11 ment plan for public service employees under section  
12 455(m).

13       “(f) PRIVATE EDUCATIONAL LENDER REPORTING  
14 REQUIREMENT.—

15               “(1) REPORTING REQUIRED.—Not later than  
16 180 days after the date of enactment of the Bank  
17 on Students Emergency Loan Refinancing Act, the  
18 Secretary, in consultation with the Secretary of the  
19 Treasury and the Director of the Bureau of Con-  
20 sumer Financial Protection, shall establish a re-  
21 quirement that private educational lenders report  
22 the data described in paragraph (2) to the Sec-  
23 retary, to Congress, to the Secretary of the Treas-  
24 ury, and to the Director of the Bureau of Consumer

1 Financial Protection, in order to allow for an assess-  
2 ment of the private education loan market.

3 “(2) CONTENTS OF REPORTING.—The data  
4 that private educational lenders shall report in ac-  
5 cordance with paragraph (1) shall include each of  
6 the following about private education loans (as de-  
7 fined in section 140(a) of the Truth in Lending Act  
8 (15 U.S.C. 1650(a)):

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

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

13 “(C) The average interest rate on the out-  
14 standing private education loan debt held by the  
15 lender.

16 “(D) The proportion of private education  
17 loan borrowers who are in default on a loan  
18 held by the lender.

19 “(E) The proportion of the outstanding  
20 private education loan volume held by the lend-  
21 er that is in default.

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

1           “(G) The proportions of outstanding pri-  
2           vate education loan volume that is 30, 60, and  
3           90 days delinquent.

4           “(g) NOTIFICATION TO BORROWERS.—The Sec-  
5           retary, in coordination with the Secretary of the Treasury  
6           and the Director of the Bureau of Consumer Financial  
7           Protection, shall undertake a campaign to alert borrowers  
8           about the availability of private student loan refinancing  
9           under this section.”.

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

13                 (1) by redesignating paragraphs (3) and (4) as  
14                 paragraphs (4) and (5), respectively; and

15                 (2) by inserting after paragraph (2) the fol-  
16                 lowing:

17                 “(3) SPECIAL RULES FOR SECTION 460A  
18                 LOANS.—

19                         “(A) REFINANCED FEDERAL DIRECT  
20                         LOANS.—Notwithstanding paragraph (1), in de-  
21                         termining the number of monthly payments  
22                         that meet the requirements of such paragraph  
23                         for an eligible Federal Direct Loan refinanced  
24                         under section 460A that was originally a loan  
25                         under this part, the Secretary shall include all

1           monthly payments made on the original loan  
2           that meet the requirements of such paragraph.

3           “(B) REFINANCED FFEL LOANS.—In the  
4           case of an eligible Federal Direct Loan refi-  
5           nanced under section 460A that was originally  
6           a loan under part B, only monthly payments  
7           made after the date on which the loan was refi-  
8           nanced may be included for purposes of para-  
9           graph (1).”; and

10          (3) in paragraph (4)(A) (as redesignated by  
11          paragraph (1)), by inserting “(including any Federal  
12          Direct Stafford Loan, Federal Direct PLUS Loan,  
13          Federal Direct Unsubsidized Stafford Loan, or Fed-  
14          eral Direct Consolidation Loan refinanced under sec-  
15          tion 460A)” before the period at the end.

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

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

20                 “(1) REFINANCED FEDERAL DIRECT AND FFEL  
21                 LOANS.—In calculating the period of time during  
22                 which a borrower of a loan that is refinanced under  
23                 section 460A has made monthly payments for pur-  
24                 poses of subsection (b)(7), the Secretary shall deem  
25                 the period to include all monthly payments made for

1 the original loan, and all monthly payments made  
 2 for the refinanced loan, that otherwise meet the re-  
 3 quirements of this section.

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

10 “(A) that are made after the date of the  
 11 issuance of the Federal Direct Refinanced Pri-  
 12 vate Loan; and

13 “(B) that otherwise meet the requirements  
 14 of this section.”.

## 15 **TITLE II—FAIR SHARE TAX**

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

17 Except as otherwise expressly provided, whenever in  
 18 this title an amendment or repeal is expressed in terms  
 19 of an amendment to, or repeal of, a section or other provi-  
 20 sion, the reference shall be considered to be made to a  
 21 section or other provision of the Internal Revenue Code  
 22 of 1986.

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

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

1   **“PART VII—FAIR SHARE TAX ON HIGH-INCOME**  
2                                   **TAXPAYERS**

“Sec. 59A. Fair share tax.

3   **“SEC. 59A. FAIR SHARE TAX.**

4       “(a) GENERAL RULE.—

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

9                       “(A) the amount determined under para-  
10                      graph (2), and

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

12                       “(i) the numerator of which is the ex-  
13                      cess of—

14                               “(I) the taxpayer’s adjusted  
15                              gross income, over

16                               “(II) the dollar amount in effect  
17                              under subsection (c)(1), and

18                               “(ii) the denominator of which is the  
19                              dollar amount in effect under subsection  
20                              (c)(1).

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

24                       “(A) the tentative fair share tax for the  
25                      taxable year, over

1 “(B) the excess of—

2 “(i) the sum of—

3 “(I) the regular tax liability (as  
4 defined in section 26(b)) for the tax-  
5 able year, determined without regard  
6 to any tax liability determined under  
7 this section,

8 “(II) the tax imposed by section  
9 55 for the taxable year, plus

10 “(III) the payroll tax for the tax-  
11 able year, over

12 “(ii) the credits allowable under part  
13 IV of subchapter A (other than sections  
14 27(a), 31, and 34).

15 “(b) TENTATIVE FAIR SHARE TAX.—For purposes  
16 of this section—

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

19 “(A) the adjusted gross income of the tax-  
20 payer, over

21 “(B) the modified charitable contribution  
22 deduction for the taxable year.

23 “(2) MODIFIED CHARITABLE CONTRIBUTION  
24 DEDUCTION.—For purposes of paragraph (1)—



1           “(A) IN GENERAL.—The modified chari-  
2           table contribution deduction for any taxable  
3           year is an amount equal to the amount which  
4           bears the same ratio to the deduction allowable  
5           under section 170 (section 642(c) in the case of  
6           a trust or estate) for such taxable year as—

7                   “(i) the amount of itemized deduc-  
8                   tions allowable under the regular tax (as  
9                   defined in section 55) for such taxable  
10                  year, determined after the application of  
11                  section 68, bears to

12                   “(ii) such amount, determined before  
13                  the application of section 68.

14           “(B) TAXPAYER MUST ITEMIZE.—In the  
15           case of any individual who does not elect to  
16           itemize deductions for the taxable year, the  
17           modified charitable contribution deduction shall  
18           be zero.

19           “(c) HIGH-INCOME TAXPAYER.—For purposes of this  
20           section—

21                   “(1) IN GENERAL.—The term ‘high-income tax-  
22                   payer’ means, with respect to any taxable year, any  
23                   taxpayer (other than a corporation) with an adjusted  
24                   gross income for such taxable year in excess of

1       \$1,000,000 (50 percent of such amount in the case  
2       of a married individual who files a separate return).

3           “(2) INFLATION ADJUSTMENT.—

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

8                           “(i) such dollar amount, multiplied by

9                           “(ii) the cost-of-living adjustment de-  
10                          termined under section 1(f)(3) for the cal-  
11                          endar year in which the taxable year be-  
12                          gins, determined by substituting ‘calendar  
13                          year 2017’ for ‘calendar year 1992’ in sub-  
14                          paragraph (B) thereof.

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

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

22                   “(1) the taxes imposed on the taxpayer under  
23                   sections 1401, 1411, 3101, 3201, and 3211(a) (to  
24                   the extent such tax is attributable to the rate of tax  
25                   in effect under section 3101) with respect to such

1 taxable year or wages or compensation received dur-  
2 ing such taxable year, over

3 “(2) the deduction allowable under section  
4 164(f) for such taxable year.

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

9 “(f) NOT TREATED AS TAX IMPOSED BY THIS CHAP-  
10 TER FOR CERTAIN PURPOSES.—The tax imposed under  
11 this section shall not be treated as tax imposed by this  
12 chapter for purposes of determining the amount of any  
13 credit under this chapter (other than the credit allowed  
14 under section 27(a)) or for purposes of section 55.”.

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

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

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

1 **TITLE III—DEFICIT NEUTRAL IM-**  
2 **PLEMENTATION OF STUDENT**  
3 **LOAN REFINANCING PRO-**  
4 **GRAMS**

5 **SEC. 301. DEFICIT NEUTRAL IMPLEMENTATION OF STU-**  
6 **DENT LOAN REFINANCING PROGRAMS;**  
7 **BUDGETARY EFFECTS.**

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

14 (b) DEFICIT-NEUTRAL TERMINATION OF THE REFI-  
15 NANCING PROGRAM.—The Secretary of Education shall  
16 terminate the refinancing programs carried out under sec-  
17 tions 460A and 460B of the Higher Education Act of  
18 1965 on the date that the net cost of carrying out such  
19 refinancing programs is equal to the amount of additional  
20 revenue estimated under subsection (a) or on the date that  
21 is 2 years after the date of enactment of this Act, which-  
22 ever occurs first.

23 (c) DEFICIT REDUCTION.—Any remaining increase  
24 in revenue described in subsection (a) and not used for  
25 the refinancing programs carried out under sections 460A

1 and 460B of the Higher Education Act of 1965 shall be  
2 returned to the general fund of the Treasury for Federal  
3 budget deficit reduction.

4 (d) **METHODOLOGY.**—When estimating cost and rev-  
5 enue under this section, the Secretary of Education shall  
6 utilize the accounting methods and assumptions that are  
7 used by the Congressional Budget Office, as of the date  
8 of enactment of this Act, to make such estimations.

9 **SEC. 302. BUDGETARY EFFECTS.**

10 The budgetary effects of this Act and the amend-  
11 ments made by this Act shall not be entered on either  
12 PAYGO scorecard maintained pursuant to section 4(d) of  
13 the Statutory Pay-As-You-Go Act of 2010 (2 U.S.C.  
14 933(d)).

○