

114TH CONGRESS  
1ST SESSION

# H. R. 1434

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

---

## IN THE HOUSE OF REPRESENTATIVES

MARCH 18, 2015

Mr. COURTNEY (for himself, Mr. SCOTT of Virginia, Mr. HINOJOSA, Mr. ELLISON, Mr. VAN HOLLEN, Mr. POCAN, Mr. TAKANO, Ms. CLARK of Massachusetts, Mr. ISRAEL, Ms. DEGETTE, Mrs. DINGELL, Mr. CROWLEY, Ms. BASS, Ms. NORTON, Ms. KAPTUR, Ms. WILSON of Florida, Mr. DEFAZIO, Ms. PINGREE, Mr. BRENDAN F. BOYLE of Pennsylvania, Mr. CUMMINGS, Ms. ESTY, Mr. YARMUTH, Mr. LARSON of Connecticut, Mr. LARSEN of Washington, Ms. KUSTER, Mr. CAPUANO, Mr. BECERRA, Mr. BEN RAY LUJÁN of New Mexico, Mr. MCGOVERN, Ms. VELÁZQUEZ, Mr. SARBANES, Mr. CICILLINE, Ms. CHU of California, Mr. CASTRO of Texas, Mrs. BUSTOS, Ms. EDWARDS, Ms. CLARKE of New York, Mr. MICHAEL F. DOYLE of Pennsylvania, Ms. HAHN, Mr. JEFFRIES, Mr. GRIJALVA, Ms. TSONGAS, Ms. ADAMS, Ms. FUDGE, Mr. DESAULNIER, Ms. WASSERMAN SCHULTZ, Mr. SIRES, Mr. TED LIEU of California, Mr. MOULTON, Mrs. DAVIS of California, Ms. BROWN of Florida, Mr. NADLER, Mr. SWALWELL of California, Mr. RYAN of Ohio, Ms. LEE, Mr. PERLMUTTER, Mr. HUFFMAN, Mr. LYNCH, Mr. SMITH of Washington, Ms. LINDA T. SÁNCHEZ of California, Mr. NEAL, Mr. FATTAH, Ms. MICHELLE LUJAN GRISHAM of New Mexico, Mr. KENNEDY, Mr. LANGEVIN, Mr. CLYBURN, Mr. JOHNSON of Georgia, Ms. ESHOO, Mr. KILDEE, Mr. SABLAN, Mr. BLUMENAUER, Mr. LOEBSACK, Mr. CLEAVER, Mr. WALZ, Ms. DELAURO, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. PALLONE, Ms. BONAMICI, Mr. KEATING, and Ms. SCHAKOWSKY) introduced 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

# 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”.

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

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

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

11 “(b) REFINANCING DIRECT LOANS.—

12 “(1) FEDERAL DIRECT LOANS.—Upon applica-  
13 tion of a qualified borrower, the Secretary shall  
14 repay a Federal Direct Stafford Loan, a Federal Di-  
15 rect Unsubsidized Stafford Loan, a Federal Direct  
16 PLUS Loan, or a Federal Direct Consolidation  
17 Loan of the qualified borrower, for which the first  
18 disbursement was made, or the application for the  
19 consolidation loan was received, before July 1, 2015,  
20 with the proceeds of a refinanced Federal Direct  
21 Stafford Loan, a Federal Direct Unsubsidized Staf-  
22 ford Loan, a Federal Direct PLUS Loan, or a Fed-  
23 eral Direct Consolidation Loan, respectively, issued  
24 to the borrower in an amount equal to the sum of  
25 the unpaid principal, accrued unpaid interest, and  
26 late charges of the original loan.

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

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

18                   “(B) A loan made under this section that  
19                   was originally—

20                           “(i) a loan originally made, insured,  
21                           or guaranteed under section 428 shall be a  
22                           Federal Direct Stafford Loan;

23                           “(ii) a loan originally made, insured,  
24                           or guaranteed under section 428B shall be  
25                           a Federal Direct PLUS Loan;

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

5           “(iv) a loan originally made, insured,  
6           or guaranteed under section 428C shall be  
7           a Federal Direct Consolidation Loan.

8           “(C) The interest rate for each loan made  
9           by the Secretary under this paragraph shall be  
10          the rate provided under subsection (e).

11         “(c) INTEREST RATES.—

12           “(1) IN GENERAL.—The interest rate for the  
13          refinanced Federal Direct Stafford Loans, Federal  
14          Direct Unsubsidized Stafford Loans, Federal Direct  
15          PLUS Loans, and Federal Direct Consolidation  
16          Loans, shall be a rate equal to—

17           “(A) in any case where the original loan  
18          was a loan under section 428 or 428H, a Fed-  
19          eral Direct Stafford loan, or a Federal Direct  
20          Unsubsidized Stafford Loan, that was issued to  
21          an undergraduate student, a rate equal to the  
22          rate for Federal Direct Stafford Loans and  
23          Federal Direct Unsubsidized Stafford Loans  
24          issued to undergraduate students for the 12-

1 month period beginning on July 1, 2013, and  
2 ending on June 30, 2014;

3 “(B) in any case where the original loan  
4 was a loan under section 428 or 428H, a Fed-  
5 eral Direct Stafford Loan, or a Federal Direct  
6 Unsubsidized Stafford Loan, that was issued to  
7 a graduate or professional student, a rate equal  
8 to the rate for Federal Direct Unsubsidized  
9 Stafford Loans issued to graduate or profes-  
10 sional students for the 12-month period begin-  
11 ning on July 1, 2013, and ending on June 30,  
12 2014;

13 “(C) in any case where the original loan  
14 was a loan under section 428B or a Federal Di-  
15 rect PLUS Loan, a rate equal to the rate for  
16 Federal Direct PLUS Loans for the 12-month  
17 period beginning on July 1, 2013, and ending  
18 on June 30, 2014; and

19 “(D) in any case where the original loan  
20 was a loan under section 428C or a Federal Di-  
21 rect Consolidation Loan, a rate calculated in ac-  
22 cordance with paragraph (2).

23 “(2) INTEREST RATES FOR CONSOLIDATION  
24 LOANS.—

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

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

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

21           “(iii) apply the weighted average cal-  
22 culated under clause (ii) as the interest  
23 rate for the refinanced Federal Direct Con-  
24 solidation Loan.

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

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

12                           “(I) the rate for Federal Direct  
13                           Stafford Loans and Federal Direct  
14                           Unsubsidized Stafford Loans issued  
15                           to undergraduate students for the 12-  
16                           month period beginning on July 1,  
17                           2013, and ending on June 30, 2014;  
18                           or

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

21                           “(ii) The interest rate for any loan  
22                           under section 428 or 428H, Federal Direct  
23                           Stafford Loan, or Federal Direct Unsub-  
24                           sidized Stafford Loan issued to a graduate



1 or professional student shall be a rate  
2 equal to the lesser of—

3 “(I) the rate for Federal Direct  
4 Unsubsidized Stafford Loans issued  
5 to graduate or professional students  
6 for the 12-month period beginning on  
7 July 1, 2013, and ending on June 30,  
8 2014; or

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

11 “(iii) The interest rate for any loan  
12 under section 428B or Federal Direct  
13 PLUS Loan shall be a rate equal to the  
14 lesser of—

15 “(I) the rate for Federal Direct  
16 PLUS Loans for the 12-month period  
17 beginning on July 1, 2013, and end-  
18 ing on June 30, 2014; or

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

21 “(iv) The interest rate for any compo-  
22 nent loan that is a loan under section  
23 428C or a Federal Direct Consolidation  
24 Loan shall be the weighted average of the  
25 interest rates that would apply under this

1           subparagraph for each loan comprising the  
2           component consolidation loan.

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

9           “(3) FIXED RATE.—The applicable rate of in-  
10          terest determined under paragraph (1) for a refi-  
11          nanced loan under this section shall be fixed for the  
12          period of the loan.

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

14                 “(1) IN GENERAL.—A loan that is refinanced  
15          under this section shall have the same terms and  
16          conditions as the original loan, except as otherwise  
17          provided in this section.

18                 “(2) NO AUTOMATIC EXTENSION OF REPAY-  
19          MENT PERIOD.—Refinancing a loan under this sec-  
20          tion shall not result in the extension of the duration  
21          of the repayment period of the loan, and the bor-  
22          rower shall retain the same repayment term that  
23          was in effect on the original loan. Nothing in this  
24          paragraph shall be construed to prevent a borrower

1 from electing a different repayment plan at any time  
2 in accordance with section 455(d)(3).

3 “(e) DEFINITION OF QUALIFIED BORROWER.—

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

7 “(A) of a loan under this part or part B  
8 for which the first disbursement was made, or  
9 the application for a consolidation loan was re-  
10 ceived, before July 1, 2015; and

11 “(B) who meets the eligibility requirements  
12 based on income or debt-to-income ratio estab-  
13 lished by the Secretary.

14 “(2) INCOME REQUIREMENTS.—Not later than  
15 180 days after the date of enactment of the Bank  
16 on Students Emergency Loan Refinancing Act, the  
17 Secretary shall establish eligibility requirements  
18 based on income or debt-to-income ratio that take  
19 into consideration providing access to refinancing  
20 under this section for borrowers with the greatest fi-  
21 nancial need.

22 “(f) NOTIFICATION TO BORROWERS.—The Secretary,  
23 in coordination with the Director of the Bureau of Con-  
24 sumer Financial Protection, shall undertake a campaign  
25 to alert borrowers of loans that are eligible for refinancing

1 under this section that the borrowers are eligible to apply  
 2 for such refinancing. The campaign shall include the fol-  
 3 lowing activities:

4           “(1) Developing consumer information mate-  
 5 rials about the availability of Federal student loan  
 6 refinancing.

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

12 **“SEC. 460B. FEDERAL DIRECT REFINANCED PRIVATE LOAN**  
 13 **PROGRAM.**

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

15           “(1) ELIGIBLE PRIVATE EDUCATION LOAN.—

16 The term ‘eligible private education loan’ means a  
 17 private education loan, as defined in section 140(a)  
 18 of the Truth in Lending Act (15 U.S.C. 1650(a)),  
 19 that—

20           “(A) was disbursed to the borrower before  
 21 July 1, 2015; and

22           “(B) was for the borrower’s own postsec-  
 23 ondary educational expenses for an eligible pro-  
 24 gram at an institution of higher education par-

1           ticipating in the loan program under this part,  
2           as of the date that the loan was disbursed.

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

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

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

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

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

20                 “(C) is not in default on the eligible pri-  
21                 vate education loan or on any loan made, in-  
22                 sured, or guaranteed under this part or part B  
23                 or E; and

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

1 “(b) PROGRAM AUTHORIZED.—

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

8 “(A) The loan issued under this program  
9 shall be in an amount equal to the sum of the  
10 unpaid principal, accrued unpaid interest, and  
11 late charges of the private education loan.

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

18 “(C) The Secretary shall require that the  
19 qualified borrower undergo loan counseling that  
20 provides all of the information and counseling  
21 required under clauses (i) through (viii) of sec-  
22 tion 485(b)(1)(A) before the loan is refinanced  
23 in accordance with this section, and before the  
24 proceeds of such loan are paid to the private  
25 educational lender.

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

7           “(2) BORROWER ELIGIBILITY.—Not later than  
8           180 days after the date of enactment of the Bank  
9           on Students Emergency Loan Refinancing Act, the  
10          Secretary, in consultation with the Secretary of the  
11          Treasury and the Director of the Bureau of Con-  
12          sumer Financial Protection, shall establish eligibility  
13          requirements—

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

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

20                 “(C) to minimize inequities between Fed-  
21                 eral Direct Refinanced Private Loans and other  
22                 Federal student loans;

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

1           “(E) to ensure full access to the program  
2 authorized in this subsection for borrowers with  
3 private loans who otherwise meet the criteria  
4 established in accordance with subparagraphs  
5 (A) and (B).

6           “(c) INTEREST RATE.—

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

9           “(A) in the case of a Federal Direct Refi-  
10 nanced Private Loan for a private education  
11 loan originally issued for undergraduate post-  
12 secondary educational expenses, a rate equal to  
13 the rate for Federal Direct Stafford Loans and  
14 Federal Direct Unsubsidized Stafford Loans  
15 issued to undergraduate students for the 12-  
16 month period beginning on July 1, 2013, and  
17 ending on June 30, 2014; and

18           “(B) in the case of a Federal Direct Refi-  
19 nanced Private Loan for a private education  
20 loan originally issued for graduate or profes-  
21 sional degree postsecondary educational ex-  
22 penses, a rate equal to the rate for Federal Di-  
23 rect Unsubsidized Stafford Loans issued to  
24 graduate or professional students for the 12-



1 month period beginning on July 1, 2013, and  
2 ending on June 30, 2014.

3 “(2) COMBINED UNDERGRADUATE AND GRAD-  
4 UATE STUDY LOANS.—If a Federal Direct Refi-  
5 nanced Private Loan is for a private education loan  
6 originally issued for both undergraduate and grad-  
7 uate or professional postsecondary educational ex-  
8 penses, the interest rate shall be a rate equal to the  
9 rate for Federal Direct PLUS Loans for the 12-  
10 month period beginning on July 1, 2013, and ending  
11 on June 30, 2014.

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

16 “(d) NO INCLUSION IN AGGREGATE LIMITS.—The  
17 amount of a Federal Direct Refinanced Private Loan, or  
18 a Federal Direct Consolidated Loan to the extent such  
19 loan was used to repay a Federal Direct Refinanced Pri-  
20 vate Loan, shall not be included in calculating a bor-  
21 rower’s annual or aggregate loan limits under section 428  
22 or 428H.

23 “(e) NO ELIGIBILITY FOR SERVICE-RELATED RE-  
24 PAYMENT.—Notwithstanding sections 428K(a)(2)(A),  
25 428L(b)(2), 455(m)(3)(A), and 460(b), a Federal Direct

1 Refinanced Private Loan, or any Federal Direct Consoli-  
2 dation Loan to the extent such loan was used to repay  
3 a Federal Direct Refinanced Private Loan, shall not be  
4 eligible for any loan repayment or loan forgiveness pro-  
5 gram under section 428K, 428L, or 460 or for the repay-  
6 ment plan for public service employees under section  
7 455(m).

8 “(f) PRIVATE EDUCATIONAL LENDER REPORTING  
9 REQUIREMENT.—

10 “(1) REPORTING REQUIRED.—Not later than  
11 180 days after the date of enactment of the Bank  
12 on Students Emergency Loan Refinancing Act, the  
13 Secretary, in consultation with the Secretary of the  
14 Treasury and the Director of the Bureau of Con-  
15 sumer Financial Protection, shall establish a re-  
16 quirement that private educational lenders report  
17 the data described in paragraph (2) to the Sec-  
18 retary, to Congress, to the Secretary of the Treas-  
19 ury, and to the Director of the Bureau of Consumer  
20 Financial Protection, in order to allow for an assess-  
21 ment of the private education loan market.

22 “(2) CONTENTS OF REPORTING.—The data  
23 that private educational lenders shall report in ac-  
24 cordance with paragraph (1) shall include each of  
25 the following about private education loans (as de-

1        fined in section 140(a) of the Truth in Lending Act  
2        (15 U.S.C. 1650(a)):

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

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

7                “(C) The average interest rate on the out-  
8        standing private education loan debt held by the  
9        lender.

10               “(D) The proportion of private education  
11       loan borrowers who are in default on a loan  
12       held by the lender.

13               “(E) The proportion of the outstanding  
14       private education loan volume held by the lend-  
15       er that is in default.

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

19               “(G) The proportions of outstanding pri-  
20       vate education loan volume that is 30, 60, and  
21       90 days delinquent.

22        “(g) NOTIFICATION TO BORROWERS.—The Sec-  
23       retary, in coordination with the Secretary of the Treasury  
24       and the Director of the Bureau of Consumer Financial  
25       Protection, shall undertake a campaign to alert borrowers

1 about the availability of private student loan refinancing  
2 under this section.”.

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

6 (1) by redesignating paragraphs (3) and (4) as  
7 paragraphs (4) and (5), respectively; and

8 (2) by inserting after paragraph (2) the fol-  
9 lowing:

10 “(3) SPECIAL RULES FOR SECTION 460A  
11 LOANS.—

12 “(A) REFINANCED FEDERAL DIRECT  
13 LOANS.—Notwithstanding paragraph (1), in de-  
14 termining the number of monthly payments  
15 that meet the requirements of such paragraph  
16 for an eligible Federal Direct Loan refinanced  
17 under section 460A that was originally a loan  
18 under this part, the Secretary shall include all  
19 monthly payments made on the original loan  
20 that meet the requirements of such paragraph.

21 “(B) REFINANCED FFEL LOANS.—In the  
22 case of an eligible Federal Direct Loan refi-  
23 nanced under section 460A that was originally  
24 a loan under part B, only monthly payments  
25 made after the date on which the loan was refi-

1           nanced may be included for purposes of para-  
2           graph (1).”; and

3           (3) in paragraph (4)(A) (as redesignated by  
4           paragraph (1)), by inserting “(including any Federal  
5           Direct Stafford Loan, Federal Direct PLUS Loan,  
6           Federal Direct Unsubsidized Stafford Loan, or Fed-  
7           eral Direct Consolidation Loan refinanced under sec-  
8           tion 460A)” before the period at the end.

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

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

13                 “(1) REFINANCED FEDERAL DIRECT AND FFEL  
14                 LOANS.—In calculating the period of time during  
15                 which a borrower of a loan that is refinanced under  
16                 section 460A has made monthly payments for pur-  
17                 poses of subsection (b)(7), the Secretary shall deem  
18                 the period to include all monthly payments made for  
19                 the original loan, and all monthly payments made  
20                 for the refinanced loan, that otherwise meet the re-  
21                 quirements of this section.

22                 “(2) FEDERAL DIRECT REFINANCED PRIVATE  
23                 LOANS.—In calculating the period of time during  
24                 which a borrower of a Federal Direct Refinanced  
25                 Private Loan under section 460B has made monthly

1 payments for purposes of subsection (b)(7), the Sec-  
2 retary shall include only payments—

3 “(A) that are made after the date of the  
4 issuance of the Federal Direct Refinanced Pri-  
5 vate Loan; and

6 “(B) that otherwise meet the requirements  
7 of this section.”.

## 8 **TITLE II—FAIR SHARE TAX**

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

10 Except as otherwise expressly provided, whenever in  
11 this title an amendment or repeal is expressed in terms  
12 of an amendment to, or repeal of, a section or other provi-  
13 sion, the reference shall be considered to be made to a  
14 section or other provision of the Internal Revenue Code  
15 of 1986.

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

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

#### 19 **“PART VII—FAIR SHARE TAX ON HIGH-INCOME** 20 **TAXPAYERS**

“Sec. 59A. Fair share tax.

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

22 “(a) GENERAL RULE.—

23 “(1) PHASE-IN OF TAX.—In the case of any  
24 high-income taxpayer, there is hereby imposed for a

1 taxable year (in addition to any other tax imposed  
2 by this subtitle) a tax equal to the product of—

3 “(A) the amount determined under para-  
4 graph (2), and

5 “(B) a fraction (not to exceed 1)—

6 “(i) the numerator of which is the ex-  
7 cess of—

8 “(I) the taxpayer’s adjusted  
9 gross income, over

10 “(II) the dollar amount in effect  
11 under subsection (c)(1), and

12 “(ii) the denominator of which is the  
13 dollar amount in effect under subsection  
14 (c)(1).

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

18 “(A) the tentative fair share tax for the  
19 taxable year, over

20 “(B) the excess of—

21 “(i) the sum of—

22 “(I) the regular tax liability (as  
23 defined in section 26(b)) for the tax-  
24 able year, determined without regard

1 to any tax liability determined under  
2 this section,

3 “(II) the tax imposed by section  
4 55 for the taxable year, plus

5 “(III) the payroll tax for the tax-  
6 able year, over

7 “(ii) the credits allowable under part  
8 IV of subchapter A (other than sections  
9 27(a), 31, and 34).

10 “(b) TENTATIVE FAIR SHARE TAX.—For purposes  
11 of this section—

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

14 “(A) the adjusted gross income of the tax-  
15 payer, over

16 “(B) the modified charitable contribution  
17 deduction for the taxable year.

18 “(2) MODIFIED CHARITABLE CONTRIBUTION  
19 DEDUCTION.—For purposes of paragraph (1)—

20 “(A) IN GENERAL.—The modified chari-  
21 table contribution deduction for any taxable  
22 year is an amount equal to the amount which  
23 bears the same ratio to the deduction allowable  
24 under section 170 (section 642(c) in the case of  
25 a trust or estate) for such taxable year as—



1           “(i) the amount of itemized deduc-  
2           tions allowable under the regular tax (as  
3           defined in section 55) for such taxable  
4           year, determined after the application of  
5           section 68, bears to

6           “(ii) such amount, determined before  
7           the application of section 68.

8           “(B) TAXPAYER MUST ITEMIZE.—In the  
9           case of any individual who does not elect to  
10          itemize deductions for the taxable year, the  
11          modified charitable contribution deduction shall  
12          be zero.

13          “(c) HIGH-INCOME TAXPAYER.—For purposes of this  
14          section—

15                 “(1) IN GENERAL.—The term ‘high-income tax-  
16                 payer’ means, with respect to any taxable year, any  
17                 taxpayer (other than a corporation) with an adjusted  
18                 gross income for such taxable year in excess of  
19                 \$1,000,000 (50 percent of such amount in the case  
20                 of a married individual who files a separate return).

21                 “(2) INFLATION ADJUSTMENT.—

22                         “(A) IN GENERAL.—In the case of a tax-  
23                         able year beginning after 2016, the \$1,000,000  
24                         amount under paragraph (1) shall be increased  
25                         by an amount equal to—

1 “(i) such dollar amount, multiplied by

2 “(ii) the cost-of-living adjustment de-  
3 termined under section 1(f)(3) for the cal-  
4 endar year in which the taxable year be-  
5 gins, determined by substituting ‘calendar  
6 year 2015’ for ‘calendar year 1992’ in sub-  
7 paragraph (B) thereof.

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

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

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

21 “(2) the deduction allowable under section  
22 164(f) for such taxable year.

23 “(e) SPECIAL RULE FOR ESTATES AND TRUSTS.—  
24 For purposes of this section, in the case of an estate or

1 trust, adjusted gross income shall be computed in the  
2 manner described in section 67(e).

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

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

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

12 (c) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to taxable years beginning after  
14 December 31, 2015.

15 **TITLE III—DEFICIT NEUTRAL IM-**  
16 **PLEMENTATION OF STUDENT**  
17 **LOAN REFINANCING PRO-**  
18 **GRAMS**

19 **SEC. 301. DEFICIT NEUTRAL IMPLEMENTATION OF STU-**  
20 **DENT LOAN REFINANCING PROGRAMS;**  
21 **BUDGETARY EFFECTS.**

22 (a) AMOUNT OF REVENUE.—The Secretary of Edu-  
23 cation shall estimate the amount that is equal to the  
24 amount of the net increase in revenue received in the  
25 Treasury during the 10-year period beginning on the date

1 of enactment of this Act attributable to the amendments  
2 made by title II of this Act.

3 (b) DEFICIT NEUTRAL TERMINATION OF THE REFI-  
4 NANCING PROGRAM.—The Secretary of Education shall  
5 terminate the refinancing programs carried out under sec-  
6 tions 460A and 460B of the Higher Education Act of  
7 1965 on the date that the net cost of carrying out such  
8 refinancing programs is equal to the amount of additional  
9 revenue estimated under subsection (a) or on the date that  
10 is 2 years after the date of enactment of this Act, which-  
11 ever occurs first.

12 (c) DEFICIT REDUCTION.—Any remaining increase  
13 in revenue described in subsection (a) and not used for  
14 the refinancing programs carried out under sections 460A  
15 and 460B of the Higher Education Act of 1965 shall be  
16 returned to the general fund of the Treasury for Federal  
17 budget deficit reduction.

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

23 **SEC. 302. BUDGETARY EFFECTS.**

24 (a) PAYGO SCORECARD.—The budgetary effects of  
25 this Act and the amendments made by this Act shall not

1 be entered on either PAYGO scorecard maintained pursu-  
2 ant to section 4(d) of the Statutory Pay-As-You-Go Act  
3 of 2010 (2 U.S.C. 933(d)).

4 (b) SENATE PAYGO SCORECARD.—The budgetary  
5 effects of this Act and the amendments made by this Act  
6 shall not be entered on any PAYGO scorecard maintained  
7 for purposes of section 201 of S. Con. Res. 21 (110th Con-  
8 gress).

○