

**DESCRIPTION OF SECTION 201 OF H.R. 5406,
THE “HELPING ENSURE ACCOUNTABILITY, LEADERSHIP,
AND TRUST IN TRIBAL HEALTHCARE ACT”**

Scheduled for Markup
by the
HOUSE COMMITTEE ON WAYS AND MEANS
on September 14, 2016

Prepared by the Staff
of the
JOINT COMMITTEE ON TAXATION



September 13, 2016
JCX-78-16

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INTRODUCTION

The House Committee on Ways and Means has scheduled a committee markup on September 14, 2016, of section 201 of H.R. 5406, the “Helping Ensure Accountability, Leadership, and Trust in Tribal Healthcare Act.” This document,¹ prepared by the staff of the Joint Committee on Taxation, provides a description of section 201 of the bill.

¹ This document may be cited as follows: Joint Committee on Taxation, *Description of Section 201 of H.R. 5406, the “Helping Ensure Accountability, Leadership, and Trust in Tribal Healthcare Act”* (JCX-78-16), September 13, 2016. This document can also be found on the Joint Committee on Taxation website at www.jct.gov.

A. Exclusion for Assistance Provided to Participants in State Student Loan Repayment Programs for Certain Health Professionals

Present Law

Gross income generally includes the discharge of indebtedness of the taxpayer. Under an exception to this general rule, gross income does not include any amount from the forgiveness (in whole or in part) of certain student loans, provided that the forgiveness is contingent on the student's working for a certain period of time in certain professions for any of a broad class of employers.²

Student loans eligible for this special rule must be made to an individual to assist the individual in attending an educational institution that normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance at the place where its education activities are regularly carried on. Loan proceeds may be used not only for tuition and required fees, but also to cover room and board expenses. The loan must be made by (1) the United States (or an instrumentality or agency thereof), (2) a State (or any political subdivision thereof), (3) certain tax-exempt public benefit corporations that control a State, county, or municipal hospital and whose employees have been deemed to be public employees under State law, or (4) an educational organization that originally received the funds from which the loan was made from the United States, a State, or a tax-exempt public benefit corporation.

In addition, an individual's gross income does not include amounts from the forgiveness of loans made by educational organizations (and certain tax-exempt organizations in the case of refinancing loans) out of private, nongovernmental funds if the proceeds of such loans are used to pay costs of attendance at an educational institution or to refinance any outstanding student loans (not just loans made by educational organizations) and the student is not employed by the lender organization. In the case of such loans made or refinanced by educational organizations (or refinancing loans made by certain tax-exempt organizations), cancellation of the student loan must be contingent upon the student working in an occupation or area with unmet needs and such work must be performed for, or under the direction of, a tax-exempt charitable organization or a governmental entity.

Finally, an individual's gross income does not include any loan repayment amount received under the National Health Service Corps loan repayment program, certain State loan repayment programs, or any amount received by an individual under any State loan repayment or loan forgiveness program that is intended to provide for the increased availability of health care services in underserved or health professional shortage areas (as determined by the State).

Description of Proposal

The proposal modifies the gross income exclusion for amounts received under the National Health Service Corps loan repayment program or certain State loan repayment

² Sec. 108(f).

programs to include any amount received by an individual under the Indian Health Service loan repayment program.³

Effective Date

The proposal is effective for amounts received after the date of enactment.

³ Section 108 of the Indian Health Care Improvement Act established the Indian Health Service loan repayment program to assure a sufficient supply of trained health professionals needed to provide health care services to Indians. Pub. L. No. 94-437, as amended by Pub. L. No. 100-713, sec. 108, and Pub. L. No. 102-573, sec. 106, and as amended, and permanently reauthorized by Pub. L. No. 111-148, sec. 10221.

B. Estimated Revenue Effect

Fiscal Years											
[Millions of Dollars]											
<hr/>											
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2017-21</u>	<u>2017-26</u>
-7	-6	-6	-6	-6	-6	-6	-6	-7	-7	-30	-62

NOTE: Details do not add to totals due to rounding.