

114TH CONGRESS  
1ST SESSION

# H. R. 4102

To provide for the establishment of a mechanism to allow borrowers of Federal student loans to refinance their loans, to amend the Internal Revenue Code of 1986 to extend the exclusion for employer-provided educational assistance to employer payment of interest on certain refinanced student loans, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 19, 2015

Mrs. COMSTOCK introduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committee on Ways and Means, 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 provide for the establishment of a mechanism to allow borrowers of Federal student loans to refinance their loans, to amend the Internal Revenue Code of 1986 to extend the exclusion for employer-provided educational assistance to employer payment of interest on certain refinanced 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Student Loan Relief  
3 Act of 2015”.

4 **SEC. 2. PURPOSE.**

5 The purpose of this Act is to spur economic growth  
6 by establishing a mechanism to allow borrowers of Federal  
7 student loans to refinance their loans in order—

8 (1) to allow credit-worthy borrowers to get a  
9 lower interest rate than the Federal rate;

10 (2) to encourage innovation in the education re-  
11 financing markets; and

12 (3) to promote the participation of private cap-  
13 ital in the education refinancing markets.

14 **TITLE I—REFINANCING**  
15 **STUDENT LOANS**

16 **SEC. 101. DEFINITIONS.**

17 In this title—

18 (1) the term “Federal student loan” means a  
19 loan made, insured, or guaranteed under title IV of  
20 the Higher Education Act of 1965 (20 U.S.C. 1070  
21 et seq.); and

22 (2) the term “Secretary” means the Secretary  
23 of the Treasury, other than in the context of the  
24 Secretary of Education.

1 **SEC. 102. TEMPORARY AUTHORITY TO CREATE A CREDIT**  
2 **FACILITY TO INCREASE MARKET EFFICIENCY**  
3 **IN THE STUDENT LOAN MARKET.**

4 (a) **AUTHORITY.**—

5 (1) **IN GENERAL.**—The Secretary, notwith-  
6 standing any provision of section 484 of the Higher  
7 Education Act of 1965 (20 U.S.C. 1091), is author-  
8 ized to facilitate Federal student loan refinancing  
9 into the private market to ensure that borrowers pay  
10 lower interest rates that are commensurate with  
11 credit risk, so that they may pursue more economi-  
12 cally productive activities, such as home purchases  
13 and small business formation.

14 (2) **NO NET COST TO GOVERNMENT.**—Mecha-  
15 nisms established under this subsection shall not re-  
16 sult in any net cost to the Federal Government, as  
17 determined jointly by the Secretary, the Secretary of  
18 Education, and the Director of the Office of Man-  
19 agement and Budget.

20 (3) **FEDERAL GUARANTEE.**—A private loan  
21 that results from refinancing under a program es-  
22 tablished under the authority of this section shall re-  
23 ceive a Federal Government guarantee of 95 percent  
24 of the private loan, including accrued interest on  
25 such loan.

1           (4) DISCLOSURES.—Each lender of a prospec-  
2           tive borrower of a private loan that would result  
3           from refinancing under a program established under  
4           the authority of this section shall disclose to the pro-  
5           spective borrower the information described in sec-  
6           tion 428C(b)(1)(F) of the Higher Education Act of  
7           1965 (20 U.S.C. 1078–3(b)(1)(F)).

8           (b) PUBLIC AWARENESS.—The Secretary, in con-  
9           sultation with the Secretary of Education, shall—

10           (1) begin a national awareness campaign to  
11           alert all Federal student loan borrowers who may  
12           benefit from any program or facilities established  
13           under this section; and

14           (2) include in the campaign under paragraph  
15           (1) a disclosure that a private loan that results from  
16           refinancing under a program established under the  
17           authority of this section is not eligible for income  
18           driven repayment or loan forgiveness.

19           (c) EXPIRATION OF AUTHORITY.—Three years after  
20           the date on which a credit facility is established under this  
21           Act, and not later than 5 years after the date of enactment  
22           of this Act, any new lending, purchase, or other activity  
23           initiated through the facilities established by the Secretary  
24           under subsection (a) shall cease, except the Federal guar-

1 antee described in subsection (a)(3) shall continue for the  
2 life of the private loan.

3 **TITLE II—EXCLUSION FOR EM-**  
4 **PLOYER PAYMENT OF INTER-**  
5 **EST ON CERTAIN REFI-**  
6 **NANCED STUDENT LOANS**

7 **SEC. 201. EXCLUSION FOR EMPLOYER PAYMENT OF INTER-**  
8 **EST ON CERTAIN REFINANCED STUDENT**  
9 **LOANS.**

10 (a) IN GENERAL.—Paragraph (1) of section 127(c)  
11 of the Internal Revenue Code of 1986 is amended by strik-  
12 ing “and” at the end of subparagraph (A), by redesi-  
13 gnating subparagraph (B) as subparagraph (C), and by in-  
14 serting after subparagraph (A) the following new subpara-  
15 graph:

16 “(B) the payment by an employer, whether  
17 paid to the employee or to a lender, of any in-  
18 debtedness of the employee under a qualified  
19 education refinance loan or any interest relating  
20 to such a loan, and”.

21 (b) QUALIFIED EDUCATION REFINANCE LOAN.—  
22 Subsection (c) of section 127 of the Internal Revenue Code  
23 of 1986 is amended by adding at the end the following  
24 new paragraph:

1           “(8) QUALIFIED EDUCATION REFINANCE  
2           LOAN.—The term ‘qualified education refinance  
3           loan’ means any indebtedness used solely to refi-  
4           nance a qualified education loan (within the meaning  
5           of section 221(d)(1)) with respect to which the lend-  
6           er offers the borrower protection in the event of un-  
7           employment or financial hardship (as reasonably de-  
8           termined by the lender, including periods of forbear-  
9           ance or career assistance).”.

10          (c) CONFORMING AMENDMENT; DENIAL OF DOUBLE  
11          BENEFIT.—Paragraph (1) of section 221(e) of the Inter-  
12          nal Revenue Code of 1986 is amended by inserting before  
13          the period the following: “, or for which an exclusion is  
14          allowable under section 127 to the taxpayer’s employer by  
15          reason of the payment by such employer of any indebted-  
16          ness on a qualified education loan of the taxpayer”.

17          (d) EFFECTIVE DATE.—The amendments made by  
18          this section shall apply to expenses paid after December  
19          31, 2015.

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