

114TH CONGRESS
2D SESSION

H. R. 5204

To amend the Internal Revenue Code of 1986 and the Higher Education Act of 1965 to provide an exclusion from income for student loan forgiveness for students who have died or become disabled.

IN THE HOUSE OF REPRESENTATIVES

MAY 12, 2016

Mr. ROSKAM (for himself, Mr. KIND, Mr. COSTELLO of Pennsylvania, and Ms. PINGREE) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, 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 Internal Revenue Code of 1986 and the Higher Education Act of 1965 to provide an exclusion from income for student loan forgiveness for students who have died or become disabled.

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 “Stop Taxing Death
5 and Disability Act”.

1 **SEC. 2. TREATMENT OF STUDENT LOANS DISCHARGED ON**
2 **ACCOUNT OF DEATH OR DISABILITY.**

3 (a) AMENDMENTS TO INTERNAL REVENUE CODE OF
4 1986.—

5 (1) IN GENERAL.—Section 108(f) of the Inter-
6 nal Revenue Code of 1986 is amended by adding at
7 the end the following new paragraph:

8 “(5) DISCHARGES ON ACCOUNT OF DEATH OR
9 DISABILITY.—

10 “(A) IN GENERAL.—In the case of an indi-
11 vidual, gross income does not include any
12 amount which (but for this subsection) would
13 be includible in gross income by reasons of the
14 discharge (in whole or in part) of any loan de-
15 scribed in subparagraph (B) if such discharge
16 was—

17 “(i) pursuant to subsection (a) or (d)
18 of section 437 of the Higher Education
19 Act of 1965 or the parallel benefit under
20 part D of title IV of such Act (relating to
21 the repayment of loan liability),

22 “(ii) pursuant to section 464(c)(1)(F)
23 of such Act, or

24 “(iii) otherwise discharged on account
25 of the death or total and permanent dis-
26 ability of the student.

1 “(B) LOANS DESCRIBED.—A loan is de-
2 scribed in this subparagraph if such loan is—

3 “(i) a student loan (as defined in
4 paragraph (2)), or

5 “(ii) a private education loan (as de-
6 fined in section 140(7) of the Consumer
7 Credit Protection Act (15 U.S.C.
8 1650(7))).”.

9 (2) EFFECTIVE DATE.—The amendment made
10 by this section shall apply to discharges of loans be-
11 fore, on, or after the date of the enactment of this
12 Act.

13 (b) AMENDMENT TO THE HIGHER EDUCATION ACT
14 OF 1965.—Section 437(d) of the Higher Education Act
15 of 1965 (20 U.S.C. 1087(d)) is amended by inserting “or
16 becomes permanently and totally disabled (as determined
17 in accordance with regulations of the Secretary), or if the
18 student is unable to engage in any substantial gainful ac-
19 tivity by reason of any medically determinable physical or
20 mental impairment that can be expected to result in death,
21 has lasted for a continuous period of not less than 60
22 months, or can be expected to last for a continuous period
23 of not less than 60 months” after “dies”.

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