

115TH CONGRESS
1ST SESSION

H. R. 2848

To amend the Higher Education Act of 1965 to allow qualified entrepreneurs to temporarily defer Federal student loan payments after starting a new business.

IN THE HOUSE OF REPRESENTATIVES

JUNE 8, 2017

Mr. GALLEGRO (for himself and Mr. SWALWELL of California) introduced the following bill; which was referred to the Committee on Education and the Workforce

A BILL

To amend the Higher Education Act of 1965 to allow qualified entrepreneurs to temporarily defer Federal student loan payments after starting a new business.

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 “Relief and Investment
5 for Student Entrepreneurs Act” or the “RISE Act”.

6 **SEC. 2. DEFERMENT OF FEDERAL STUDENT LOAN PAY-**
7 **MENTS FOR QUALIFIED ENTREPRENEURS.**

8 Section 455(f) of the Higher Education Act of 1965
9 (20 U.S.C. 1087e(f)) is amended—

1 (1) in paragraph (2)—

2 (A) in subparagraph (C), by striking “or”
3 at the end;

4 (B) in subparagraph (D), by striking the
5 period at the end and inserting “; or”; and

6 (C) by adding at the end the following new
7 subparagraph:

8 “(E) subject to paragraph (5), not in ex-
9 cess of 3 years during which the borrower is a
10 qualified entrepreneur.”; and

11 (2) by adding at the end the following new
12 paragraph:

13 “(5) DEFERMENT FOR QUALIFIED ENTRE-
14 PRENEURS.—

15 “(A) DEFINITION OF QUALIFIED ENTRE-
16 PRENEUR.—For the purpose of this subsection,
17 the term ‘qualified entrepreneur’ means a bor-
18 rower who—

19 “(i) received a degree from an institu-
20 tion of higher education during the 10-year
21 period ending on the date on which
22 deferment is granted under paragraph
23 (2)(E);

1 “(ii) registered at least 1 business en-
2 tity in a State during the 18-month period
3 ending on such date;

4 “(iii) raised capital investment of not
5 less than \$30,000 for such business entity;
6 and

7 “(iv) has an outstanding balance of
8 principal and interest on loans made under
9 this part of not less than \$5,000.

10 “(B) MINIMUM EMPLOYEE REQUIRE-
11 MENT.—A borrower granted deferment under
12 paragraph (2)(E) shall not be eligible to con-
13 tinue such deferment unless, on the date that is
14 1 year after date on which such deferment is
15 granted, the borrower—

16 “(i) employs at the business entity de-
17 scribed in subparagraph (A)(ii) not fewer
18 than 2 full-time employees who are not the
19 borrower or relatives of the borrower; and

20 “(ii) pays such employees at a rate
21 not less than the minimum wage pre-
22 scribed by the State in which the business
23 entity is located.”.

1 **SEC. 3. LOAN CANCELLATION FOR ENTREPRENEURS.**

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

5 **“SEC. 460A. LOAN CANCELLATION FOR ENTREPRENEURS.**

6 “(a) PROGRAM AUTHORIZED.—The Secretary is au-
7 thorized to carry out a program of canceling the obligation
8 to repay a qualified loan amount in accordance with sub-
9 section (b) for Federal Direct Stafford Loans and Federal
10 Direct Unsubsidized Stafford Loans made under this part
11 for any borrower who—

12 “(1) for not less than a 3-year period ending on
13 the date of application under this section, has car-
14 ried out a qualified HUBZone small business con-
15 cern listed under section 3(p)(5)(B) of the Small
16 Business Act, which has been registered as business
17 in a State; and

18 “(2) is not in default on a loan for which the
19 borrower seeks forgiveness.

20 **“(b) QUALIFIED LOAN AMOUNT.—**

21 “(1) IN GENERAL.—The Secretary shall cancel
22 not more than \$17,500 in the aggregate of the loan
23 obligation on a Federal Direct Stafford Loan or a
24 Federal Direct Unsubsidized Stafford Loan that is
25 outstanding.

1 “(2) TREATMENT OF CONSOLIDATION LOANS.—

2 A loan amount for a Federal Direct Consolidation
3 Loan may be a qualified loan amount for the pur-
4 poses of this subsection only to the extent that such
5 loan amount was used to repay a Federal Direct
6 Stafford Loan, a Federal Direct Unsubsidized Staf-
7 ford Loan, or a loan made under section 428 or
8 428H, for a borrower who meets the requirements of
9 subsection (a), as determined in accordance with
10 regulations prescribed by the Secretary.

11 “(c) PRIORITY.—The Secretary shall grant loan for-
12 giveness under this section on a first-come, first-served
13 basis, and subject to the availability of appropriations.

14 “(d) RULE OF CONSTRUCTION.—Nothing in this sec-
15 tion shall be construed to authorize the refunding of any
16 repayment of a loan.”.

17 **SEC. 4. PUBLICATION AND REPORT.**

18 (a) PUBLICATION.—The Secretary of Education and
19 the Administrator of the Small Business Administration
20 shall each make available, on publicly accessible websites
21 of the Department of Education and the Small Business
22 Administration, respectively, information on the student
23 loan deferment program for qualified entrepreneurs under
24 section 455(f) of the Higher Education Act of 1965 (20
25 U.S.C. 1087e(f)), as amended by this Act.

1 (b) REPORT TO CONGRESS.—Not later than 180 days
2 after the date of the enactment of this Act, the Secretary
3 of Education shall submit to Congress a report that in-
4 cludes—

5 (1) an assessment of the progress of the Sec-
6 retary in carrying out the student loan deferment
7 program for qualified entrepreneurs under section
8 455(f) of the Higher Education Act of 1965 (20
9 U.S.C. 1087e(f)), as amended by this Act; and

10 (2) a description of any ongoing efforts to in-
11 crease participation in such program.

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