

118TH CONGRESS
1ST SESSION

H. R. 6594

To amend the Internal Revenue Code of 1986 to expand the deduction for student loan interest to include payments toward principal, and to increase the value of the deduction.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 5, 2023

Mr. GOLDMAN of New York (for himself, Ms. JACOBS, Ms. NORTON, Ms. MCCOLLUM, Ms. CROCKETT, Mr. KHANNA, and Ms. TOKUDA) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to expand the deduction for student loan interest to include payments toward principal, and to increase the value of the deduction.

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 “Generating Relief for
5 Academic Debt Using Assisted Tax Efficiency Act” or the
6 “GRADUATE Act”.

1 **SEC. 2. EDUCATION LOAN DEDUCTION.**

2 (a) IN GENERAL.—Section 221 of the Internal Rev-
3 enue Code of 1986 is amended—

4 (1) in the heading, by striking “**INTEREST ON**
5 **EDUCATION LOANS**” and inserting “**EDUCATION**
6 **LOANS**”,

7 (2) by amending subsection (a) to read as fol-
8 lows:

9 “(a) ALLOWANCE OF DEDUCTION.—In the case of an
10 individual, there shall be allowed as a deduction for the
11 taxable year an amount equal to the amounts paid by the
12 taxpayer during the taxable year on any qualified edu-
13 cation loan.”,

14 (3) by amending subsection (b) to read as fol-
15 lows:

16 “(b) MAXIMUM DEDUCTION.—

17 “(1) IN GENERAL.—Except as provided in para-
18 graph (2), the deduction allowed by subsection (a)
19 for the taxable year shall not exceed an amount
20 equal to the sum of—

21 “(A) \$10,000, plus

22 “(B) \$500 multiplied by the number of de-
23 pendents of the taxpayer for such taxable year.

24 “(2) LIMITATION BASED ON MODIFIED AD-
25 JUSTED GROSS INCOME.—

1 “(A) IN GENERAL.—The amount which
2 would (but for this paragraph) be allowable as
3 a deduction under this section shall be reduced
4 (but not below zero) by the amount determined
5 under subparagraph (B).

6 “(B) AMOUNT OF REDUCTION.—The
7 amount determined under this subparagraph is
8 the amount which bears the same ratio to the
9 amount which would be so taken into account
10 as—

11 “(i) the excess of—

12 “(I) the taxpayer’s modified ad-
13 justed gross income for such taxable
14 year, over

15 “(II) \$125,000 (\$250,000 in the
16 case of a joint return), bears to

17 “(ii) \$25,000 (\$50,000 in the case of
18 a joint return).

19 “(C) MODIFIED ADJUSTED GROSS IN-
20 COME.—The term ‘modified adjusted gross in-
21 come’ means adjusted gross income deter-
22 mined—

23 “(i) without regard to this section and
24 sections 85(c), 911, 931, and 933, and

1 “(ii) after application of sections 86,
2 135, 137, 219, and 469.”, and

3 (4) in subsection (f)(1)—

4 (A) by striking “after 2002” and inserting
5 “after 2024”,

6 (B) by striking “\$50,000 and \$100,000”
7 and inserting “\$125,000 and \$250,000”, and

8 (C) in subparagraph (B), by striking “cal-
9 endar year 2001” and inserting “calendar year
10 2023”.

11 (b) CONFORMING AMENDMENT.—Section 62(a)(17)
12 of such Code is amended to read as follows:

13 “(17) EDUCATION LOAN PAYMENTS.—The de-
14 duction allowed by section 221.”.

15 (c) EFFECTIVE DATE.—The amendment made by
16 this section shall apply to taxable years beginning after
17 December 31, 2023.

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