

117TH CONGRESS
1ST SESSION

H. R. 891

To amend the Internal Revenue Code of 1986 to increase the deduction allowed for student loan interest and to exclude from gross income discharges of income contingent or income-based student loan indebtedness.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 5, 2021

Miss RICE of New York (for herself and Mr. STIVERS) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and Labor, 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 to increase the deduction allowed for student loan interest and to exclude from gross income discharges of income contingent or income-based student loan indebtedness.

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 “Students and Families
5 Empowerment Act”.

1 **SEC. 2. INCREASE IN DEDUCTION FOR STUDENT LOAN IN-**
2 **TEREST.**

3 (a) DOLLAR LIMITATION AND LIMITATION BASED ON
4 INCOME REPLACED WITH LIMITATION ON AGGREGATE
5 EDUCATION INDEBTEDNESS THAT MAY BE TAKEN INTO
6 ACCOUNT.—Section 221(b) of the Internal Revenue Code
7 of 1986 is amended to read as follows:

8 “(b) LIMITATION ON AGGREGATE EDUCATION IN-
9 DEBTEDNESS THAT MAY BE TAKEN INTO ACCOUNT.—
10 The aggregate amount taken into account under sub-
11 section (a) as qualified education loans for any period shall
12 not exceed \$750,000 (twice such amount in the case of
13 a joint return).”.

14 (b) CONFORMING AMENDMENTS.—Section 221 of
15 such Code is amended by striking subsections (e) and (f)
16 (relating to special rules and inflation adjustments, re-
17 spectively) and inserting the following new subsection:

18 “(e) DENIAL OF DOUBLE BENEFIT.—No deduction
19 shall be allowed under this section for any amount for
20 which a deduction is allowable under any other provision
21 of this chapter.”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years beginning after
24 the date of the enactment of this Act.

1 **SEC. 3. EXCLUSION FROM GROSS INCOME FOR DISCHARGE**
2 **OF INCOME CONTINGENT AND INCOME-**
3 **BASED STUDENT LOAN INDEBTEDNESS.**

4 (a) IN GENERAL.—Paragraph (1) of section 108(f)
5 of the Internal Revenue Code of 1986 is amended to read
6 as follows:

7 “(1) IN GENERAL.—In the case of an indi-
8 vidual, gross income does not include any amount
9 which (but for this subsection) would be includible in
10 gross income by reason of the discharge (in whole or
11 in part) of any student loan if such discharge was
12 pursuant to—

13 “(A) a provision of such loan under which
14 all or part of the indebtedness of the individual
15 would be discharged if the individual worked for
16 a certain period of time in certain professions
17 for any of a broad class of employers, or

18 “(B) subsections (d)(1)(D) and (e)(7) of
19 section 455 or section 493C(b)(7) of the Higher
20 Education Act of 1965 (relating to income con-
21 tingent and income-based repayment, respec-
22 tively).”.

23 (b) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to discharges of indebtedness after
25 the date of the enactment of this Act.

1 **SEC. 4. GRACE PERIOD EXTENSION.**

2 (a) IN GENERAL.—Section 455 of the Higher Edu-
3 cation Act of 1965 (20 U.S.C. 1087e) is amended by add-
4 ing at the end the following:

5 “(r) GRACE PERIOD EXTENSION.—

6 “(1) IN GENERAL.—With respect to the Federal
7 Direct Stafford Loans and Federal Direct Unsub-
8 sidized Stafford Loans, section 487(b)(7) shall be
9 applied—

10 “(A) in subparagraph (A), by substituting
11 ‘12 months’ for ‘6 months’; and

12 “(B) in subparagraph (D), by substituting
13 ‘12-month period’ for ‘6-month period’.

14 “(2) NO ACCRUAL OF INTEREST.—Notwith-
15 standing any other provision of this part, interest
16 shall not accrue on a Federal Direct Unsubsidized
17 Stafford Loan during the 12-month period described
18 in paragraph (1).

19 “(s) EXTENSION OF CERTAIN DEFERMENT PERIOD
20 FOR FEDERAL DIRECT PLUS LOANS.—

21 “(1) IN GENERAL.—With respect to Federal
22 Direct PLUS Loans, section 428B(d)(1)(B) shall be
23 applied—

24 “(A) in the case of a parent borrower, in
25 clause (i), by substituting ‘12-month period’ for
26 ‘6-month period’; and

1 “(B) in the case of a graduate or profes-
2 sional student borrower, in clause (ii), by sub-
3 stituting ‘12-month period’ for ‘6-month pe-
4 riod’.

5 “(2) NO ACCRUAL OF INTEREST.—Notwith-
6 standing any other provision of this part, interest
7 shall not accrue on a Federal Direct PLUS Loan
8 during the 12-month period described in paragraph
9 (1).”.

10 (b) EFFECTIVE DATE AND APPLICATION.—The
11 amendments made by this section shall take effect on the
12 date of enactment of this Act, and shall apply with respect
13 to—

14 (1) Federal Direct Stafford Loans, Federal Di-
15 rect Unsubsidized Stafford Loans, and Federal Di-
16 rect PLUS Loans made on or after the date of en-
17 actment of this Act; and

18 (2) Federal Direct Stafford Loans, Federal Di-
19 rect Unsubsidized Stafford Loans, and Federal Di-
20 rect PLUS Loans made before such date of enact-
21 ment to borrowers who have not yet entered repay-
22 ment on such loans on such date of enactment.

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