

114TH CONGRESS  
1ST SESSION

# S. 2099

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 SENATE OF THE UNITED STATES

SEPTEMBER 29, 2015

Ms. AYOTTE (for herself and Mrs. CAPITO) introduced the following bill; which was read twice and referred to the Committee on Finance

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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,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Student Loan Relief  
5 Act of 2015”.

1 **SEC. 2. PURPOSE.**

2 The purpose of this Act is to spur economic growth,  
3 by establishing a mechanism to allow borrowers of Federal  
4 student loans to refinance their loans in order—

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

7 (2) to encourage innovation in the education re-  
8 financing markets; and

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

11 **TITLE I—REFINANCING**  
12 **STUDENT LOANS**

13 **SEC. 101. DEFINITIONS.**

14 In this title—

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

19 (2) the term “Secretary” means the Secretary  
20 of the Treasury, other than in the context of the  
21 Secretary of Education.

22 **SEC. 102. TEMPORARY AUTHORITY TO CREATE A CREDIT**  
23 **FACILITY TO INCREASE MARKET EFFICIENCY**  
24 **IN THE STUDENT LOAN MARKET.**

25 (a) **AUTHORITY.**—

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

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

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

22           (4) DISCLOSURES.—Each lender of prospective  
23 borrower of a private loan that would result from re-  
24 financing under a program established under the au-  
25 thority of this section shall disclose to the prospec-

1       tive borrower the information described in section  
2       428C(b)(1)(F) of the Higher Education Act of 1965  
3       (20 U.S.C. 1078–3(b)(1)(F)).

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

6             (1) begin a national awareness campaign to  
7       alert all Federal student loan borrowers who may  
8       benefit from any program or facilities established  
9       under this section; and

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

15       (c) EXPIRATION OF AUTHORITY.—Three years after  
16       the date on which a credit facility is established under this  
17       Act, and not later than 5 years after the date of enactment  
18       of this Act, any new lending, purchase, or other activity  
19       initiated through the facilities established by the Secretary  
20       under subsection (a) shall cease, except the Federal guar-  
21       antee described in subsection (a)(3) shall continue for the  
22       life of the private loan.

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

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

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

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

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

23 “(8) QUALIFIED EDUCATION REFINANCE  
 24 LOAN.—The term ‘qualified education refinance  
 25 loan’ means any indebtedness used solely to refi-

1 nance a qualified education loan (within the meaning  
2 of section 221(d)(1)) with respect to which the lend-  
3 er offers the borrower protection in the event of un-  
4 employment or financial hardship (as reasonably de-  
5 termined by the lender, including periods of forbear-  
6 ance or career assistance).”.

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

14 (d) EFFECTIVE DATE.—The amendments made by  
15 this section shall apply to expenses paid after December  
16 31, 2015.

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