

116TH CONGRESS
1ST SESSION

H. R. 640

To amend the Internal Revenue Code of 1986 and the Higher Education Act of 1965 to facilitate the disclosure of tax return information to carry out the Higher Education Act of 1965, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 17, 2019

Mr. DOGGETT (for himself and Mr. BUCHANAN) 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 and the Higher Education Act of 1965 to facilitate the disclosure of tax return information to carry out the Higher Education Act of 1965, 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 Aid Sim-
5 plification Act”.

1 **SEC. 2. DISCLOSURE OF CERTAIN TAX RETURN INFORMA-**
2 **TION TO THE SECRETARY OF EDUCATION.**

3 (a) IN GENERAL.—Paragraph (13) of section 6103(l)
4 of the Internal Revenue Code of 1986 is amended to read
5 as follows:

6 “(13) DISCLOSURE OF RETURN INFORMATION
7 TO THE SECRETARY OF EDUCATION.—

8 “(A) INCOME-CONTINGENT OR INCOME-
9 BASED REPAYMENT AND TOTAL AND PERMA-
10 NENT DISABILITY DISCHARGE.—The Secretary
11 shall, upon written request from the Secretary
12 of Education, disclose to officers, employees,
13 and contractors of the Department of Edu-
14 cation, as specifically authorized and designated
15 by the Secretary of Education, only for the pur-
16 pose of (and to the extent necessary in) estab-
17 lishing, renewing, administering, and con-
18 ducting analyses and forecasts for estimating
19 costs related to income-contingent or income-
20 based repayment programs, and the discharge
21 of loans based on a total and permanent dis-
22 ability (within the meaning of section 437(a) of
23 the Higher Education Act of 1965), under title
24 IV of the Higher Education Act of 1965 (as in
25 effect on the date of enactment of this para-
26 graph), the following return information (as de-

1 fined in subsection (b)(2)) with respect to tax-
2 payers identified by the Secretary of Education
3 as participating in the loan programs under
4 title IV of such Act, for taxable years specified
5 by such Secretary:

6 “(i) Taxpayer identity information
7 with respect to such taxpayer.

8 “(ii) The filing status of such tax-
9 payer.

10 “(iii) Type of tax return from which
11 the return information is provided.

12 “(iv) The adjusted gross income of
13 such taxpayer.

14 “(v) Total number of exemptions
15 claimed, or total number of individuals and
16 dependents claimed, as applicable, on the
17 return.

18 “(vi) Number of children with respect
19 to which tax credits under section 24 are
20 claimed on the return.

21 “(B) FEDERAL STUDENT FINANCIAL
22 AID.—The Secretary shall, upon written request
23 from the Secretary of Education, disclose to of-
24 ficers, employees, and contractors of the De-
25 partment of Education, as specifically author-

1 ized and designated by the Secretary of Edu-
2 cation, only for the purpose of (and to the ex-
3 tent necessary in) determining eligibility for,
4 and amount of, Federal student financial aid
5 under programs authorized by title IV of the
6 Higher Education Act of 1965 (as in effect on
7 the date of enactment of this paragraph) and
8 conducting analyses and forecasts for esti-
9 mating costs related to such programs, the fol-
10 lowing return information (as defined in sub-
11 section (b)(2)) with respect to taxpayers identi-
12 fied by the Secretary of Education as applicants
13 for Federal student financial aid under title IV
14 of such Act, for taxable years specified by such
15 Secretary:

16 “(i) Taxpayer identity information
17 with respect to such taxpayer.

18 “(ii) The filing status of such tax-
19 payer.

20 “(iii) Type of tax return from which
21 the return information is provided.

22 “(iv) The adjusted gross income of
23 such taxpayer.

24 “(v) The amount of any net earnings
25 from self-employment (as defined in sec-

1 tion 1402), wages (as defined in section
2 3121(a) or 3401(a)), and taxable income
3 from a farming business (as defined in sec-
4 tion 236A(e)(4)) for the period reported on
5 the return.

6 “(vi) The total income tax of such
7 taxpayer.

8 “(vii) Total number of exemptions
9 claimed, or total number of individuals and
10 dependents claimed, as applicable, on the
11 return.

12 “(viii) Number of children with re-
13 spect to which tax credits under section 24
14 are claimed on the return.

15 “(ix) Amount of any credit claimed
16 under section 25A for the taxable year.

17 “(x) Amount of individual retirement
18 account distributions not included in ad-
19 justed gross income for the taxable year.

20 “(xi) Amount of individual retirement
21 account contributions and payments to
22 self-employed SEP, Keogh, and other
23 qualified plans which were deducted from
24 income for the taxable year.

1 “(xii) The amount of tax-exempt in-
2 terest.

3 “(xiii) Amounts from retirement pen-
4 sions and annuities not included in ad-
5 justed gross income for the taxable year.

6 “(xiv) If applicable, the fact that
7 there is no return filed for such taxpayer
8 for the applicable year.

9 “(C) RESTRICTION ON USE OF DISCLOSED
10 INFORMATION.—

11 “(i) IN GENERAL.—Return informa-
12 tion disclosed under subparagraphs (A)
13 and (B) may be used by officers, employ-
14 ees, and contractors of the Department of
15 Education, as specifically authorized and
16 designated by the Secretary of Education,
17 only for the purposes and to the extent
18 necessary described in such subparagraphs
19 and for mitigating risks (as defined in
20 clause (ii)) relating to the programs de-
21 scribed in such subparagraphs.

22 “(ii) MITIGATING RISKS.—For pur-
23 poses of this subparagraph, the term ‘miti-
24 gating risks’ means, with respect to the

1 programs described in subparagraphs (A)
2 and (B)—

3 “(I) analyzing or estimating costs
4 associated with potential changes to
5 the need-analysis formula,

6 “(II) oversight activities by the
7 Office of Inspector General of the De-
8 partment of Education as authorized
9 by the Inspector General Act of 1978,
10 as amended,

11 “(III) developing or admin-
12 istering statistical models that inform
13 support to populations of Federal stu-
14 dent loan borrowers who are at risk of
15 default or delinquency,

16 “(IV) reducing the net cost of
17 improper payments to Federal finan-
18 cial aid recipients, and

19 “(V) producing aggregate statis-
20 tics for reporting, research, or con-
21 sumer information on the performance
22 of programs or institutions of higher
23 education participating in the pro-
24 grams under title IV of the Higher
25 Education Act of 1965.

1 Such term does not include the conduct of
2 criminal investigations or prosecutions.

3 “(iii) REDISCLOSURE TO INSTITU-
4 TIONS OF HIGHER EDUCATION, STATE
5 HIGHER EDUCATION AGENCIES, AND DES-
6 IGNATED SCHOLARSHIP ORGANIZATIONS.—

7 The Secretary of Education, and officers,
8 employees, and contractors of the Depart-
9 ment of Education, may disclose return in-
10 formation received under subparagraph
11 (B), solely for the use in the application,
12 award, and administration of Federal stu-
13 dent financial aid, State aid, or aid award-
14 ed by eligible institutions or such entities
15 as the Secretary of Education may des-
16 ignate, to the following persons:

17 “(I) An institution of higher edu-
18 cation with which the Secretary of
19 Education has an agreement under
20 subpart 1 of part A, or part D or E,
21 of title IV of the Higher Education
22 Act of 1965.

23 “(II) A State higher education
24 agency.

1 “(III) A scholarship organization
2 which is designated by the Secretary
3 of Education as of the date of the en-
4 actment of the Student Aid Sim-
5 plification Act as an organization eli-
6 gible to receive the information pro-
7 vided under this clause.

8 The preceding sentence shall only apply to
9 the extent that the taxpayer with respect
10 to whom the return information relates
11 provides consent for such disclosure to the
12 Secretary of Education as part of the ap-
13 plication for Federal student financial aid
14 under title IV of the Higher Education Act
15 of 1965.

16 “(D) REQUIRED NOTIFICATION PERI-
17 ODS.—

18 “(i) NOTIFICATION TO CONGRESS.—
19 The Secretary and the Secretary of Edu-
20 cation shall issue joint notifications to the
21 Committees on Finance and Health, Edu-
22 cation, Labor, and Pensions of the Senate
23 and the Committees on Ways and Means
24 and Education and Labor of the House of
25 Representatives not less than 120 days

1 prior to the first disclosure of any type of
2 return information under subparagraph
3 (A)(vii) or (B)(xv) with respect to which
4 such a notification has not been previously
5 made.

6 “(ii) PUBLIC NOTICE AND COM-
7 MENT.—There shall be a public notice and
8 comment period beginning not less than 60
9 days prior to the first disclosure of any
10 type of return information under subpara-
11 graph (A)(vii) or (B)(xv) with respect to
12 which such a notification has not been pre-
13 viously made, subsequent to the period al-
14 lotted for Congressional comment under
15 clause (i).

16 “(E) NOTIFICATION OF TAXPAYERS.—The
17 Secretary of Education may not submit a writ-
18 ten request under this paragraph with respect
19 to any taxpayer unless such Secretary has ad-
20 vised such taxpayer that such Secretary has the
21 authority to request that the Internal Revenue
22 Service disclose under this section the tax re-
23 turn information of such taxpayer, and of par-
24 ents and spouses who sign an application or re-

1 quest or a Master Promissory Note on behalf of
2 such taxpayer.

3 “(F) ADDITIONAL RESTRICTION ON DIS-
4 CLOSURE TO CONTRACTORS.—For purposes of
5 this paragraph, the Secretary shall not consider
6 any contractors to be specifically authorized
7 and designated by the Secretary of Education
8 with respect to a disclosure unless the Secretary
9 of Education finds that no officer or employee
10 can carry out the purpose for which such disclo-
11 sure is requested.”.

12 (b) CONFIDENTIALITY OF RETURN INFORMATION.—
13 Section 6103(a)(3) of such Code is amended by inserting
14 “, (13)(A), (13)(B)” after “(12)”.

15 (c) CONFORMING AMENDMENTS.—Section
16 6103(p)(4) of such Code is amended—

17 (1) by inserting “(A), (13)(B)” after “(13)”
18 each place it occurs, and

19 (2) by inserting “, (13)(A), (13)(B)” after
20 “(1)(10)” each place it occurs.

21 (d) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to disclosures made under section
23 6103(l)(13) of the Internal Revenue Code of 1986 (as
24 amended by this section) after the date of the enactment
25 of this Act.

1 **SEC. 3. REPORTS ON IMPLEMENTATION.**

2 (a) IN GENERAL.—Not later than each specified
3 date, the Secretary of Education and the Secretary of the
4 Treasury shall issue joint reports to the Committees on
5 Health, Education, Labor, and Pensions and Finance of
6 the Senate and the Committees on Education and Labor
7 and Ways and Means of the House of Representatives re-
8 garding the amendments made by section 2.

9 (b) SPECIFIED DATE DEFINED.—For purposes of
10 subsection (a), the term “specified date” means—

11 (1) the date that is 90 days after the date of
12 the enactment of this Act,

13 (2) the date that is 120 days after the first day
14 that the disclosure process established under section
15 6103(l)(13) of the Internal Revenue Code of 1986,
16 as amended by section 2, is operational, and

17 (3) the date that is 1 year after the report date
18 described in paragraph (2).

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