

118TH CONGRESS
2D SESSION

H. R. 7575

To amend the Higher Education Act of 1965 to provide loan deferment and loan cancellation for certain founders and employees of small business start-ups, to amend the Small Business Act to establish a young entrepreneurs business center, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 6, 2024

Ms. VELÁZQUEZ (for herself, Ms. CHU, Mr. PHILLIPS, and Mr. MCGARVEY) introduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committees on Ways and Means, and Small Business, 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 Higher Education Act of 1965 to provide loan deferment and loan cancellation for certain founders and employees of small business start-ups, to amend the Small Business Act to establish a young entrepreneurs business center, 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 “Supporting America’s
5 Young Entrepreneurs Act of 2024”.

1 **SEC. 2. SMALL BUSINESS START-UP EMPLOYEE LOAN**
2 **DEFERMENT AND CANCELLATION.**

3 (a) DEFERMENT.—Section 455(f) of the Higher Edu-
4 cation Act of 1965 (20 U.S.C. 1087e(f)) is amended—

5 (1) in paragraph (1), by striking “A borrower
6 of a loan” and inserting “Except as provided in
7 paragraph (5), a borrower of a loan”; and

8 (2) by adding at the end the following:

9 “(5) NO INTEREST DEFERMENT ELIGIBILITY
10 FOR FOUNDERS OF SMALL BUSINESS START-UPS.—
11 A borrower of a loan made under this part shall be
12 eligible for a deferment, during which periodic in-
13 stallments of principal and interest need not be paid,
14 during any period not in excess of 3 years during
15 which the borrower is employed as a founder of a
16 distressed area business (as defined in subsection
17 (r)(3)).”.

18 (b) LOAN CANCELLATION.—Section 455 of the High-
19 er Education Act of 1965 (20 U.S.C. 1087e) is amended
20 by adding at the end the following:

21 “(r) LOAN CANCELLATION FOR CERTAIN SMALL
22 BUSINESS START-UP FOUNDERS AND EMPLOYEES.—

23 “(1) FOUNDERS OF A DISTRESSED AREA BUSI-
24 NESS.—

25 “(A) IN GENERAL.—The Secretary shall
26 cancel up to \$20,000 of the balance of interest

1 and principal due, in accordance with subpara-
2 graph (B), on any eligible Federal Direct Loan
3 not in default for a borrower who—

4 “(i) has made 24 monthly payments
5 on the eligible Federal Direct Loan after
6 the date of the enactment of this sub-
7 section pursuant to any one or a combina-
8 tion of payments under a repayment plan
9 under subsection (d)(1) or (g);

10 “(ii) has been employed by a dis-
11 tressed area business founded by the bor-
12 rower during the period in which the bor-
13 rower makes each of the 24 payments;

14 “(iii) is employed by such distressed
15 area business at the time of such cancella-
16 tion; and

17 “(iv) has been approved for such can-
18 cellation by the young entrepreneurs busi-
19 ness center established under section 49 of
20 the Small Business Act (16 U.S.C. 631 et
21 seq.).

22 “(B) LOAN CANCELLATION AMOUNT.—

23 “(i) IN GENERAL.—After the conclu-
24 sion of the employment period described in
25 subparagraph (A), the Secretary shall can-

1 cel the obligation to repay \$20,000 of the
2 balance of interest and principal due as of
3 the time of such cancellation on the eligible
4 Federal Direct Loans made to the bor-
5 rower under this part.

6 “(ii) LIMITATION.—A borrower may
7 not receive an aggregate amount of more
8 than \$20,000 under this subparagraph.

9 “(C) INELIGIBILITY FOR DOUBLE BENE-
10 FITS.—No borrower may, for the same service,
11 receive a reduction of loan obligations under
12 both this paragraph and—

13 “(i) paragraph (2);

14 “(ii) subsection (m); or

15 “(iii) section 428J, 428K, 428L, or
16 460.

17 “(2) EMPLOYEES OF A SMALL BUSINESS
18 START-UP.—

19 “(A) IN GENERAL.—The Secretary shall
20 cancel up to \$3,000 of the balance of interest
21 and principal due, in accordance with subpara-
22 graph (B), on any eligible Federal Direct Loan
23 not in default for a borrower who—

24 “(i) has made 12 monthly payments
25 on the eligible Federal Direct Loan after

1 the date of the enactment of this sub-
2 section pursuant to any one or a combina-
3 tion of payments under a repayment plan
4 under subsection (d)(1) or (g);

5 “(ii) has been employed full-time by a
6 small business start-up during the period
7 in which the borrower makes each of the
8 12 payments;

9 “(iii) is employed full-time by a small
10 business start-up at the time of such can-
11 cellation; and

12 “(iv) has been approved for such can-
13 cellation by the young entrepreneurs busi-
14 ness center established under section 49 of
15 the Small Business Act (16 U.S.C. 631 et
16 seq.).

17 “(B) LOAN CANCELLATION AMOUNT.—

18 “(i) IN GENERAL.—After the conclu-
19 sion of the employment period described in
20 subparagraph (A), the Secretary shall can-
21 cel the obligation to repay \$3,000 of the
22 balance of interest and principal due as of
23 the time of such cancellation, on the eligi-
24 ble Federal Direct Loans made to the bor-
25 rower under this part.

1 “(ii) AGGREGATE AMOUNT.—A bor-
2 rower may not receive an aggregate
3 amount of more than \$15,000 under this
4 subparagraph.

5 “(C) INELIGIBILITY FOR DOUBLE BENE-
6 FITS.—No borrower may, for the same service,
7 receive a reduction of loan obligations under
8 both this paragraph and—

9 “(i) paragraph (1);

10 “(ii) subsection (m); or

11 “(iii) section 428J, 428K, 428L, or
12 460.

13 “(3) DEFINITIONS.—In this subsection:

14 “(A) ELIGIBLE FEDERAL DIRECT LOAN.—
15 The term ‘eligible Federal Direct Loan’ means
16 a Federal Direct Stafford Loan, Federal Direct
17 PLUS Loan, or Federal Direct Unsubsidized
18 Stafford Loan, or a Federal Direct Consolida-
19 tion Loan.

20 “(B) SMALL BUSINESS ACT DEFINI-
21 TIONS.—The terms ‘distressed area business’,
22 ‘founder’, and ‘small business start-up’ have the
23 meanings given, respectively, under section 49
24 of the Small Business Act.”.

1 **SEC. 3. YOUNG ENTREPRENEURS BUSINESS CENTER.**

2 The Small Business Act (15 U.S.C. 631 et seq.) is
3 amended—

4 (1) by redesignating section 49 as section 50;

5 and

6 (2) by inserting after section 48 the following

7 new section:

8 **“SEC. 49. YOUNG ENTREPRENEURS BUSINESS CENTER.**

9 “(a) ESTABLISHMENT.—There is established within
10 the Administration a young entrepreneurs business center
11 that shall—

12 “(1) provide certifications described under sub-
13 section (b);

14 “(2) identify distressed areas under subsection
15 (c); and

16 “(3) approve loan cancellation requests under
17 subsection (d).

18 “(b) CERTIFICATION FOR FOUNDERS OF DIS-
19 TRESSED AREA BUSINESSES.—A founder of a distressed
20 area business seeking certification from the young entre-
21 preneurs business center under this section for such dis-
22 tressed area business shall submit to the Administrator
23 an application that includes—

24 “(1) a 5-year business plan for such distressed
25 area business;

1 “(2) the number of employees such distressed
2 area business intends to employ for each year of
3 such plan; and

4 “(3) evidence that the founder—

5 “(A) is also an employee of such distressed
6 area business; and

7 “(B) is a recent graduate of an institution
8 of higher education.

9 “(c) DISTRESSED AREA.—

10 “(1) IN GENERAL.—Not later than 24 months
11 after the date of the enactment of this section, and
12 at least every 3 years thereafter, the young entre-
13 preneurs business center shall identify and make
14 publically available on the website of the Administra-
15 tion a list of distressed areas.

16 “(2) REQUIREMENTS.—A distressed area iden-
17 tified under paragraph (1) shall be a county or
18 equivalent unit of local government of a State—

19 “(A) that has, for the most recent 24-
20 month period for which statistics are avail-
21 able—

22 “(i) a per capita income of 80 percent
23 or less of the national average; or

1 “(ii) an unemployment rate that is
2 not less than 1 percent greater than the
3 national average; and

4 “(B) for which the young entrepreneurs
5 business center determines establishing small
6 business start-ups in such area would be eco-
7 nomically beneficial.

8 “(d) APPROVAL FOR LOAN CANCELLATION.—

9 “(1) FOUNDERS OF DISTRESSED AREA BUSI-
10 NESSES.—The young entrepreneurs business center
11 shall approve a founder of a distressed area business
12 who submits an application under subsection (b) for
13 loan cancellation under section 455(r)(1) of the
14 Higher Education Act of 1965 if such distressed
15 area business—

16 “(A) beginning on the date of such estab-
17 lishment and ending on the date of the 24th
18 monthly payment on a loan described in such
19 section 455(r)(1), was located in a distressed
20 area (as identified under subsection (e));

21 “(B) was certified under subsection (b);
22 and

23 “(C) on the date of approval under this
24 paragraph, has been operating continuously for
25 not less than 5 years.

1 “(2) EMPLOYEES OF SMALL BUSINESS START-
2 UPS.—For purposes of loan cancellation under sec-
3 tion 455(r)(2) of the Higher Education Act of
4 1965—

5 “(A) an employee of a small business
6 start-up seeking such loan cancellation shall
7 submit to the Administrator an application,
8 which shall include evidence of the employee’s
9 full-time employment at such small business
10 start-up; and

11 “(B) if the Administrator verifies the in-
12 formation submitted in such application, the
13 young entrepreneurs business center shall ap-
14 prove such an employee.

15 “(3) SUBMISSION.—The young entrepreneurs
16 business center shall submit to the Secretary of
17 Education any approval for loan cancellation made
18 under this subsection.

19 “(e) TERMINATION.—An approval made under this
20 section shall terminate 5 years after the date of submis-
21 sion to the Secretary of Education under subsection
22 (d)(3).

23 “(f) DEFINITIONS.—In this section:

24 “(1) DISTRESSED AREA BUSINESS.—The term
25 ‘distressed area business’ means a small business

1 concern located in a distressed area (as identified
2 under subsection (c)) that has been in operation for
3 not more than 8 years as of the date of submission
4 of an application under subsection (b).

5 “(2) INSTITUTION OF HIGHER EDUCATION.—
6 The term ‘institution of higher education’ has the
7 meaning given such term in section 102 of the High-
8 er Education Act.

9 “(3) SMALL BUSINESS START-UP.—The term
10 ‘small business start-up’ means a small business
11 concern that, as of the date of submission of an ap-
12 plication under subsection (b)—

13 “(A) does not exist; or

14 “(B) has been in existence for not more
15 than 3 years.”.

16 **SEC. 4. TREATMENT OF LOAN CANCELLATION.**

17 (a) IN GENERAL.—Section 108(f) of the Internal
18 Revenue Code of 1986 is amended by adding at the end
19 the following new paragraph:

20 “(6) CANCELLATION OF CERTAIN FEDERAL
21 STUDENT LOANS.—In the case of an individual,
22 gross income shall not include the discharge (in
23 whole or in part) of any student loan pursuant to
24 the cancellation (in whole or in part) of such loan
25 by the Secretary of Education under subsection (r)

1 of section 455 of the Higher Education Act of 1965
2 (20 U.S.C. 1087e).”.

3 (b) **EFFECTIVE DATE.**—The amendment made by
4 this section shall apply to discharges of indebtedness oc-
5 ccurring after the date of the enactment of this Act.

○