116TH CONGRESS
1ST SESSION

# S. 2049

To amend the Higher Education Act of 1965 to automatically discharge
the loans of certain veteran borrowers, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JUNE 28 (legislative day, JUNE 27), 2019

Mr. REED (for himself and Mr. ISAKSON) introduced the following bill; which
was read twice and referred to the Committee on Health, Education,
Labor, and Pensions

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# A BILL

To amend the Higher Education Act of 1965 to automatically discharge the loans of certain veteran borrowers, 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. AUTOMATIC LOAN DISCHARGE FOR CERTAIN**

4             **VETERAN BORROWERS.**

5        Section 437(a) of the Higher Education Act of 1965

6    (20 U.S.C. 1087(a)) is amended—

7             (1) by striking paragraph (2) and inserting the

8        following:

1 ''(2) DISABILITY DETERMINATIONS.—With re-
2 spect to a borrower who has been identified under
3 clause (i) or (ii) of paragraph (3)(A), the Secretary
4 shall—

5 ''(A) consider such borrower permanently
6 and totally disabled for the purpose of dis-
7 charging the loans of such borrower under this
8 subsection;

9 ''(B) discharge the loans of such borrower
10 under this subsection, without any further ac-
11 tion by the borrower (except that this subpara-
12 graph shall not apply to a borrower who opts
13 out of such discharge under subparagraph (C));

14 ''(C) in a case of a borrower who lives in
15 a State that may impose a tax liability (as de-
16 scribed in paragraph (4)) for such a loan dis-
17 charge—

18 ''(i) notify the borrower of the pos-
19 sible tax liability; and

20 ''(ii) provide an opportunity to opt-out
21 of such loan discharge; and

22 ''(D) notify such borrower of potential
23 Federal tax implications of such loan discharge
24 under this subsection.''; and

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

1     "(3) MATCHING PROGRAM.—

2         "(A) IN GENERAL.—Not less than twice

3     per year, the Secretary of Education and the

4     Secretary of Veterans Affairs shall carry out a

5     computer matching program under which the

6     Secretary of Education identifies a borrower—

7         "(i) who has been assigned a rating of

8     total disability by the Secretary of Vet-

9     erans Affairs for a service-connected dis-

10     ability (as defined in section 101 of title

11     38, United States Code); or

12         "(ii) who has been determined by the

13     Secretary of Veterans Affairs to be unem-

14     ployable due to a service-connected condi-

15     tion.

16         "(B) MINOR DISCREPANCIES.—With re-

17     spect to each borrower who would have been

18     identified under clause (i) or (ii) of subpara-

19     graph (A) but for a minor discrepancy between

20     the information of the borrower maintained by

21     the Secretary of Education and the Secretary of

22     Veterans Affairs (such as a name discrepancy

23     post marriage, a missing hyphen, a transposed

24     number or letter, or other typo), the Secretary

25     of Education and the Secretary of Veterans Af-

1  fairs shall work together to correct such minor

2  discrepancy of such borrower.

3  ''(4) STATE TAX LIABILITY.—The Secretary

4  shall determine whether a State may impose a tax

5  liability for the discharge of a loan under this sub-

6  section, and in making that determination, the Sec-

7  retary shall—

8      ''(A) in the case of a State which does not

9  have an income tax, or which excludes discharge

10  of student loans from its definition of income

11  for tax purposes, determine that the State will

12  not impose tax liability;

13      ''(B) in the case of a State which conforms

14  the relevant provisions of its tax law to section

15  108 of the Internal Revenue Code of 1986, de-

16  termine that the State will not impose tax li-

17  ability; and

18      ''(C) in the case of a State which does not

19  conform the relevant provisions of its tax law to

20  section 108 of the Internal Revenue Code of

21  1986, consult with the tax authority of that

22  State to determine if the State would seek to

23  impose tax liability and, if not, determine that

24  a State will not impose tax liability.''.

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