

115TH CONGRESS
2D SESSION

S. 3595

To amend the Internal Revenue Code of 1986 to exclude employer contributions to student loan repayment from income, and for other purposes.

IN THE SENATE OF THE UNITED STATES

OCTOBER 11, 2018

Mr. GARDNER introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to exclude employer contributions to student loan repayment from income, 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 Repay-
5 ment Acceleration Act”.

6 **SEC. 2. EXCLUSION FOR EMPLOYER CONTRIBUTIONS TO**
7 **STUDENT LOAN REPAYMENT.**

8 (a) IN GENERAL.—Part III of subchapter B of chap-
9 ter 1 of the Internal Revenue Code of 1986 is amended
10 by inserting after section 139G the following new section:

1 **“SEC. 139H. EMPLOYER CONTRIBUTIONS TO STUDENT**
2 **LOAN REPAYMENT.**

3 “(a) IN GENERAL.—Gross income of an employee
4 shall not include any qualifying student loan payment.

5 “(b) QUALIFYING STUDENT LOAN PAYMENT.—For
6 purposes of this section—

7 “(1) IN GENERAL.—In the case of an indi-
8 vidual, the term ‘qualifying student loan payment’
9 means any payment or contribution made by the in-
10 dividual’s employer in repayment of a qualified edu-
11 cation loan (as defined in section 221(d)(1)) in-
12 curred to pay the higher education expenses of the
13 individual, without regard to whether such payment
14 is made as a match to payments made by the indi-
15 vidual, independently of any payments by the indi-
16 vidual, or is determined in any other manner.

17 “(2) LIMITATION.—Such term shall not include
18 any such payments or contributions to the extent
19 they exceed \$10,000 during the taxable year.

20 “(c) NONDISCRIMINATION RULES.—

21 “(1) IN GENERAL.—Rules similar to the rules
22 of paragraphs (2), (3), and (4) of section 127(b)
23 shall apply to any program or policy of an employer
24 to provide qualifying student loan payments to em-
25 ployees of the employer. Subsection (a) shall not
26 apply to any qualifying student loan payment made

1 under a program or policy which does not satisfy
2 such rules.

3 “(2) ELIGIBILITY.—For purposes of the rules
4 described in paragraph (1), an employee of an em-
5 ployer shall not be treated as ineligible to receive
6 qualifying student loan payments under a program
7 or policy of the employer solely because such em-
8 ployee does not have debt incurred under a qualified
9 education loan (as defined in section 221(d)(1)).

10 “(d) SELF-EMPLOYED INDIVIDUALS, ETC.—For pur-
11 poses of this section—

12 “(1) EMPLOYEE.—The term ‘employee’ in-
13 cludes, for any year, an individual who is an em-
14 ployee within the meaning of section 401(c)(1).

15 “(2) EMPLOYER.—An individual who owns the
16 entire interest in an unincorporated trade or busi-
17 ness shall be treated as the individual’s own em-
18 ployer. A partnership shall be treated as the em-
19 ployer of each partner who is an employee within the
20 meaning of paragraph (1).”.

21 (b) CONFORMING AMENDMENTS.—

22 (1) Paragraph (7) of section 127(e) of the In-
23 ternal Revenue Code of 1986 is amended to read as
24 follows:

1 “(7) DENIAL OF DOUBLE BENEFIT.—No deduc-
 2 tion, credit, or exclusion shall be allowed to the em-
 3 ployee under any other section of this chapter for
 4 any amount excluded from income by reason of this
 5 section, including the amount of any qualifying stu-
 6 dent loan payment which is excluded from income
 7 under section 139H.”.

8 (2) Paragraph (1) of section 221(e) of such
 9 Code is amended by inserting “, or for any amount
 10 for which an exclusion is allowable under section
 11 139H” before the period.

12 (c) EXCLUSION OF QUALIFYING STUDENT LOAN
 13 PAYMENTS FROM PAYROLL TAXES.—

14 (1) IN GENERAL.—Paragraph (20) of section
 15 3121(a) of the Internal Revenue Code of 1986 is
 16 amended by striking “or 132” and inserting “132,
 17 or 139H”.

18 (2) FEDERAL UNEMPLOYMENT TAX.—Para-
 19 graph (16) of section 3306(b) of such Code is
 20 amended by striking “or 132” and inserting “132,
 21 or 139H”.

22 (d) CLERICAL AMENDMENT.—The table of sections
 23 for part III of subchapter B of chapter 1 of the Internal
 24 Revenue Code of 1986 is amended by inserting after the
 25 item relating to section 139G the following new item:

“Sec. 139H. Employer contributions to student loan repayment.”.

1 (e) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2018.

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